

**Large Agency
Chief Financial Officers Meeting Minutes**
January 29, 2008

PARTICIPANTS:

Paul Nicola, DCA
Tim Newton, DEA
Ross Begnoche, EDA
Steven Race, EDA
Michael Clark, EVA
Li Li, DJA
John Moorman, HCA
John Humble, HSA
John Lake, HSA
Joan Thompson, LAA
Chuck LeBlanc, PSA
Reed Spangler, RVA
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Syndia Reeder, WCA
Clark Partridge, DOA/GAO
Mike Smarik, DOA/GAO
Jan Sharon-Strieby, DOA/GAO
Angela Dillard, DOA/GAO
Joanna Greenaway, DOA/GAO
Shannon Landis, DOA/GAO
Diane Gorham, DOA/GAO
Jaimie Soulvie, DOA/GAO
Amy Newby, DOA/GAO

ITEMS COVERED

Clark Partridge – Welcome & Introductions

Agency Presentation

Game & Fish gave a very informative presentation last week during the Small and Medium CFO Meeting. Clark reminded the large agency representatives that presentations on their agency would be very welcome during a CFO meeting.

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.

General Comments

AHCCCS's IT department was a little behind with changes to show payment of travel claims and support their vendor files. Joanna will work with the agency to provide a spreadsheet and additional reports.

Another agency was having problems obtaining back-up documents to attach to the travel claims to add to their vendor files. Joanna was able to create a spreadsheet and set up a report for that agency.

Questions and Answers on Travel

Q: What will need to happen in the system if there is an Admin Adjustment for previous travel on the July payroll after fiscal year-end?

A: Since HRIS always processes transactions in the current fiscal year, there will need to be changes in the allocation. GAO is looking into potential solutions and is still trying to work with Lawson to resolve the labor distribution split issue. The next Lawson upgrade may address some of the issues but not the issue for administrative adjustments. At this time GAO has not defined how to handle this process.

Q: How are we taking care of employees who report to one agency and travel with another? The agency they are traveling for is unable to key in the EIN and see the employee's record as that person is an active employee with the other agency.

A: Currently the best solution is for the agency that represents the travel expenses to work with the employee's reporting agency to issue a manual payment (handwrite). The traveling agency needs to provide a copy of the travel claim and the correct distribution to use when charging the travel to the reporting agency. The reporting agency will then create the manual payment (handwrite). The reimbursement is being issued as a handwrite to prevent EREs from being charged to the reporting agency.

Additional comments

******During last weeks CFO meeting a few positive comments were made concerning the new travel process. One of the comments was "this is so much easier and less time consuming to input than it was under AFIS".

******Several representatives mentioned that they are requesting meal receipts.

******One representative remarked that their agency is now requiring meal receipts and they have noticed a decrease in meals by about half the previous amount since the new policy was implemented.

******Another representative announced that they are drafting an internal travel policy that will explain if the agency feels that an employee is violating the travel policy then they will be requiring that the employee produce receipts.

******An agency that requires receipts found in their review an employee who was claiming a \$4.00 tip on an \$8.00 meal. They believe that some employees are inflating their tips so they can receive a few extra dollars on their meal reimbursements. This started a discussion on reasonable tips. The tip depends

on the service received and the restaurant. A tip in a fast food restaurant is probably inappropriate and should not be reimbursed. A normal tip should be from 15% to 20% with 20% being the upper limit for a reasonable tip that is reimbursed. If an employee wishes to tip in excess of the 20%, it would be considered a personal, non-reimbursable expense. Per the travel policy tipping one dollar per bag is reasonable and anything over that will not be reimbursed. Some employees want to tip for maid service or for someone to carry their bags to their room. Employees need to use their best judgment and discretion to determine the appropriateness of tips as some of these tips may not be reimbursed.

**A representative stated that they are providing zip lock baggies so their employees can place their travel receipts in the baggies. This prevents the receipts from becoming difficult to read due to multiple stapling.

**A caution was given to remind employees that some of the thermal, heat sensitive receipts have a tendency to fade when left in the sun. Employees need to take some additional precautions and care with their receipts. If an agency is requiring receipts and the same employee is producing invalid or missing receipts continuously, the agency may need to take disciplinary action or investigate the situation further.

The Agency Travel Management Specialist Training is now available on the HRIS website. Users can read through the training manual and take their exam online. The course is different than the course offered in December and January as it does not have the policy section available. AzGU is offering a Travel Policy Course to cover the travel policy which would be for agency travel specialists or supervisors of travelers. Agencies are encouraged to send travelers, travel supervisors and new travel management specialists to the AzGU policy training.

P-Card and Travel Card

Q: Is the GAO going to give any direction on the credit card class merchant category codes?

A: The GAO will give some recommendations on the codes. Some merchants have a parent company that could be operating under a different code. It may not always be possible to block inappropriate charges and the agencies will have to hold card holders responsible for their actions.

The \$25,000.00 additional limit that the C-Coding provides was put into place so that travelers would not be left stranded. This override can be switched off. If an employee has reached their limit and they are in travel status there is C-Coding that will shut off all retail purchases on the card but it will continue to allow travel expenses.

The new reports will allow the agencies to manage their travel activity better. Problems should be easy to spot on the reports.

The travel card is a personal liability card. The employee is responsible for the

charges occurred.

Agencies are trying to decide which employees are qualified or considered to be suitable to receive a Travel Card. There are employees who travel only two or three times a year and incur thousands of dollars in travel expenses while other employees travel every day and only claim meal expenses.

Q: An agency representative is concerned with the US Bank contract language "We will notify US Bank immediately if the employee is terminated". Sometimes the agency does not know right away if the employee has quit or has been terminated. During this time the employee could incur thousands of dollars of charges on their Travel Card.

A: The State has two days to notify US Bank when the employee terminates and abandonment is three days. A good suggestion would be to notify US Bank to cancel the employee's Travel Card if the employee has not been heard from within two days. This would be part of managing the workforce as the employee may have other assets of the State that will need to be given back or access cancelled.

Q: If the card is so difficult to manage is it even a benefit?

A: The travel card is a good solution for employees who continuously require travel advances. If an employee does not want or use travel advances then they do not need to get a travel card. The travel card is not for everyone. The travel cards are not mandatory and an employee is not required to obtain one. The employee who only asks for a travel advance once a year may not be a good candidate for a travel card. There are risks involved as well as efficiency issues that will need to be considered. Travel advances can be reimbursed and the travel card can be paid by using the employee's last paycheck if necessary. The State has the authorization to pay the travel card directly instead of the employee.

Q: Are there provisions on the card to allow cash advances for employees and if so how are they being controlled?

A: Yes there is the ability to allow cash advances for travel in lieu of travel advances. There are guidelines in the travel policy to cover cash advances. Each agency can set the cash withdrawal amount on each traveler's card. US Bank recommends 10% but an agency can go higher or lower depending on the conditions of the traveler/travel. If an employee is considered to present a high risk of abusing the card, the agency can prevent cash advances on the employee's card. Managing the cards can be very flexible and can be adapted to the needs of each individual traveler. Agencies need to take the time to ensure that an employee is a good candidate for a travel card.

US Bank is currently meeting with the larger agencies to go over the options available on the travel cards. The cards have a 30 day billing cycle with a 45 day cycle for payment before any late fees or interest penalties are assessed. It

takes time to process travel claims. Employees should be encouraged to submit their travel claims as soon as possible and at least monthly to prevent late payments.

Q: Can you see any reason when the State would reimburse an employee for late fees and interest on their personal liability travel card?

A: Something would have to go terribly wrong before that would happen. Hopefully audit reports can be established with US Bank to track different scenarios to try and prevent this from happening and help the agencies manage the program. Internal controls need to be in place that are efficient and effective to mitigate the risk of the agency not approving and processing the travel request in a timely manner.

Travel Management Sub-System Update

Mike Smarik is working with Lawson to resolve the labor distribution split problem in HRIS.

Lawson demonstrated the Expense Management Tool last week to the GAO and HRIS staff. A session may be arranged for agency representatives to view the demo for agency feedback. Hopefully the Lawson Expense Management fits the needs for travel and can follow the next scheduled Lawson upgrade for HRIS and be implemented in the fall. The overall cost to manage travel is being looked at. Some of the big selling points for the Lawson product include the use of the workflow product (this is the same for the Time and Attendance module – employee time entry) and the reporting. The training would also be similar for both travel and time and attendance. Lawson will be responsible for the maintenance of the workflow tool. Hopefully with the new TMS system reminders will be given to ensure travel claims are paid in a timely manner.

Instate travel is not part of the overall approval process for the new TMS system. Optimistically, with the new TMS system, an Agency can selectively require all travel in a specific group be input into the TMS system if they are having problems with instate travel for that group.

Payroll Calendar Year-end

There were no comments on Calendar Year-end. If anyone has any suggestions for training or can provide additional information for next year please contact their AFIS liaison.

W-2s

There were no comments or problems addressed for W-2's. If anyone has not received their 2007 W-2s please contact the GAO Central Payroll Group.

1099s

On December 31, 2007 the comp object 6291 for non-employee travel changed to vendor travel. The agencies version of chart of accounts shows two different

definitions. One shows reportable and the other shows non-reportable. Some employees were issued 1099's when they should not have been. An apology was given and it was noted that the change should have been effective January 1, 2008. The agencies involved should contact their AFIS liaison to get revised 1099s issued.

Payroll Benchmarking

The benchmarking results have been received and a future meeting will be established to go over those results. A web story will be issued with the date and time of the meeting.

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

Internal Audit Meeting with all Agencies

Jaimie Soulvie will be kicking off an internal audit forum to share internal audit ideas and to present internal audit training. Please share this announcement with your internal audit groups and have them contact Jaimie if they are interested in attending the sessions. A GAO web story will be issued with the upcoming date and time of the first session. The CFO contacts were also encouraged to participate or share their thoughts and ideas on what they would like to see discussed during the sessions. Some of the sessions will include CPE with the training.

Issues, Concerns, Questions

**It is suggested to have new employees and existing employees read the Code of Conduct periodically.

**Fiscal Year-end work will begin in April.

**The Federal Transparency Act will need to be added to the Future Agenda Items.

**Clark is working with the AGA and the Federal Government on what is broken between the Federal Government and the States. If anyone is having any issues with receiving federal funding or any problems with the Feds please contact Clark.

**Working capital was discussed briefly.

Future Agenda Items

Emphasis on Electronic Payments (Direct Deposit & ACH)

**ACH -The GAO is continuously trying to determine how to improve ACH. Vendors may be contacted to find out why they are not utilizing ACH. Another

option besides the CTX record is called CCD Plus which would provide more information on payments and what agencies they came from. CCD Plus may not be available with all the banks. Some banks charge vendors for the CTX service. **Direct Deposit - AHCCCS will be piloting for their employees to view their direct deposit advices through Y.E.S. on the February 15, 2008 payday. The short term payroll stuffer solution for AHCCCS will be to distribute stuffers via email. All AHCCCS employees have access to a computer and the internet. By law the State has to provide a statement of earnings to all State employees.

Payroll Stuffers

Payroll Card and Direct Deposit

Internal Controls - More information and a questionnaire on Internal Controls will be coming out shortly.

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

Meeting adjourned at 3:28 p.m.

The next meeting is scheduled for Tuesday, February 26, 2008 at 2:00 p.m. in the General Accounting Office.