

**Small & Medium Agency
Chief Financial Officers Meeting Minutes**
February 19, 2008

PARTICIPANTS:

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Julie McKnight, AUA
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Barbara Nicholson, GTA
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Angelica Romero, WFA
Michael Smarik, DOA/GAO
Jan Sharon-Strieby, DOA/GAO
Joanna Greenaway, DOA/GAO
Diane Gorham, DOA/GAO
Jaimie Soulvie, DOA/GAO

ITEMS COVERED

Mike Smarik – Welcome & Introductions

Travel

Non-compensated Board Members I-9 Required

The Department of Administration, Human Resources (HR) Division sent a notice to each agency's HR groups to advise them that paper I-9s are required for all non-compensated board members.

However, only board members who receive compensation or travel reimbursements will be required to fill out an I-9. New board members will go through the E-Verify process. This is a change from HR's original announcement. To view Human Resources, Policy and Procedures on I-9, effective January 1, 2008 go to

http://www.hr.state.az.us/Homepagelinks/policies/I9_Policy.pdf.

To access the Form I-9, Employment Eligibility Verification, U.S. Department of Homeland Security, go to <http://www.uscis.gov/files/form/I-9.pdf>

Q: Is an agency required to create an agency personnel file even if they are not going to be compensated?

A: It is recommended that agencies keep a file on all board members.

ZR35.2 Security Update

On the HRIS Travel Reimbursements Entry screen (ZR35.2), there was an issue after entering the Employee Identification Number (EIN) and tabbing to the next field. The employee name would not be displayed. This issue has been fixed. This gives the Agency Travel Management Specialist (ATMS) some drill around capability which is the same as a Timekeeper currently has.

This issue only affected the agencies that have the ATMS role. The employee's name, position number, supervisor, and payment history are visible. The employee's social security number, their home address and rate of pay are blocked. The ATMS can also see if the employee was paid for travel, but not the amount.

Q: Is there a report to reconcile travel expenditures against? CSB is entering in their travel and it has been hard to validate the information.

A: The ZR251 contains the travel information along with payroll information and is a broadcast report in HRIS. Joanna has been providing other agencies with a report and CSB should be getting the report. The agency will check with their CSB liaison.

Q: What kind of information is provided on the report?

A: Travel by comp object and individual; 65, 66, RJ, RA, G, & H.

Q: Is there any way when entering travel into HRIS to add the vendor related to the travel if it is a conference or anything like that?

A: That is not a current option. Only the comp object is available. Another agency mentioned that they are keeping a separate spreadsheet to be used for a quick check and reconciliation.

Q: If the travel is not being processed through the employee's normal payroll PCA, are they being charged Employee Related Expenditures (ERE)?

A: The ERE gets prorated to the travel PCA and indexes. The GAO is pulling out the information and then reallocating the ERE charges to the proper indexes. Batch agency AAH is used for the ERE reallocation on accounting reports. Agencies should not be doing anything to fix the problem as Joanna and Shannon will be manually fixing these. In HRIS the total is correct but the funding and allocation amounts are incorrect. Unfortunately, this is the way the system was set up to handle the proration of deductions. This issue has been identified with Lawson. The GAO has issued an enhancement request to try and resolve the problem with Lawson.

Q: In the interim, would it be easier if agencies paid travel out of the normal PCA and then do the transfer internally to split out the costs?

A: It is up to the agency on how they want to handle this issue. A lot of agencies do it this way. The GAO is only reallocating the agencies that are not transferring the funds.

Q: Since the ERE are not supposed to come out of the travel, should we be receiving a credit?

A: Technically it is not a credit, the total ERE is correct. In the reallocation, there will be an increase in the payroll PCA and a decrease in the travel PCA. The net is zero. Hopefully by fiscal year-end, there will be a different solution than what we are currently doing. The GAO is fixing over 800 transactions each pay cycle just for Game & Fish. Overall, this issue is taking over 40 hours of GAO staff time to correct every pay period.

Travel Policy

The new travel policy changes were implemented on January 1, 2008. More questions are being received in the GAO that are not even related to the changes. It seems that more employees are finally reading the travel policies.

Q: When traveling within 100 miles of the border, employees are attempting to claim instate travel but utilize the out-of-state lodging and meal rates. Is there anyway to clarify the policy for these employees who keep interpreting the policy wrong? If it is not in black and white they keep arguing about it.

A: The policy is that if travel is within 100 miles of the border and the agency elects to consider the travel as instate, then the instate lodging and meal reimbursement rates apply. Mike will discuss the policy with Amy Newby to see if the policy can be clarified.

P-Card and Travel Card

Tiffany Franks, a supervisor in AFIS, has contacted all of the medium-sized agencies and the smaller agencies. They should have the P-Card and Travel Card information within the next two weeks to start signing up employees for the cards. The new GAO Technical bulletins for the cards will be distributed by the end of this week as we just received approval on the employee's agreement portion from the Department of Administration's attorney.

Travel Management Subsystem (TMS) Update

The GAO has been looking at what Lawson can provide with their Expense Management System. Time entry and travel are part of Lawson's Expense Management System. The ADOA is working on purchasing the Expense Management System from Lawson which will include the Travel Management Subsystem. The demo had a lot of the travel specifications that we need in a travel management system. The Travel Management Subsystem will have the same look and feel of HRIS and would require minimal training. There will not be

any interface issues if we utilize Lawson instead of designing our own system. The first upgrade with Lawson will be in June and the Expense Management System upgrade will follow this fall.

Q: What will be different once the Travel Management Subsystem is implemented?

A: If the agency chooses, the employee will be able to enter their own travel information directly into the system instead of using a paper travel claim. The travel claim would be routed to the approving supervisor for approval and then on to accounting for processing. Each agency will be able to have their own routing workflow process for review and approval.

Q: Will the travel still be paid through HRIS?

A: Yes, travel reimbursements will continue to be through HRIS after the implementation of the Travel Management Subsystem.

Q: So the TMS will not be mandatory for an employee to use?

A: Correct, the TMS will not be mandatory for employees, but agencies will be required to use TMS for travel reimbursements. Agencies will have an option to set up proxies, for someone else to input travel claims for the employee(s).

Q: Will there be a way to send travel exceptions through the new TMS?

A: Yes, travel exceptions will be routed in the new TMS to the GAO for approval.

Q: Will time entry be deployed at the same time?

A: No date has been determined for time entry. The GAO's main emphasis is on the next HRIS upgrade from 8.03 to 9.0. After that upgrade will be the time entry and travel management upgrades. The new anticipated implementation date for the upgrade is June of 2008. The new upgrade may require some additional training.

Q: Will the time entry be mandatory or at the discretion of the agency?

A: It will be similar. If the time entry system becomes mandatory, agencies can have their employees enter their time directly into the system, which will route it through an approval process flow. Or the agency can establish a proxy to have a more centralized time entry.

Q: Will the new TMS be able to take vendor information?

A: Yes, the TMS will take vendor information.

Q: Will the upgrade alleviate any year-end issues?

A: No, the upgrade will not solve the year-end payroll issues. Agencies will still have to post accruals manually if they have audited financial statements. It will also not fix the year-end cut off issues related to travel. Agencies will still have to manually correct travel expenses that apply to the previous fiscal year.

Payroll Benchmarking

The GAO has received the Payroll Benchmarking study. The study has not been reviewed in enough detail to present a summary to the agencies at this time.

Upcoming Audio Conferences

The GAO is asking that audio conference participants begin registering for audio conferences in STARS. The instructions to register will be distributed on the conference e-mail notification. If anyone has any problems registering in STARS, they can contact AzGU.

The GAO has scheduled 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 & GASB

Internal Audit Meeting with all Agencies

Jaimie Soulvie will be creating an Internal Audit group similar to the CFO Group to hold meetings to discuss internal audit issues and share methods. The meetings will be held quarterly or semi-quarterly with the first meeting to be scheduled in either April or May. Jaimie asked the CFO representatives to inform their internal audit manager or group about the upcoming meetings and provide her with their contact information. If the agency does not have an internal audit manager or group, the CFO representative will be welcome to join.

Issues, Concerns, Questions

Q: Can any agency use the mail code set up in AFIS or is there a special rule?

A: The ACH indicator (ACH IND) on the Vendor Profile (screen 34), Vendor Alpha Inquiry (screen 3A) and Vendor Number Inquiry (screen 3N) in AFIS indicates whether a mail code is an ACH mail code or a non-ACH mail code. If the indicator is blank, it is not an ACH mail code. If the indicator is "H", it is an ACH mail code, but it is waiting to be approved for ACH payment after the 15-day-prenotification process is completed. If the indicator is "A", it is an ACH mail code that has been approved for ACH payment (the 15-day pre-notification process has been completed).

If there is more than one mail code in AFIS, on the 3N screen enter the vendor number and hit "Next" to see if there are multiple mail codes established for the vendor. ACH questions can be directed to the GAO Vendor Setup Unit at (602) 542-6093.

Q: Does DF (Documents and Funds) combine payments between agencies in AFIS?

A: No. DF is one of the payment distribution type (PDT) rules that identify how AFIS transactions will be combined in order to produce a warrant or electronic payment (ACH) within one agency only. For additional information on PDT rules, you can access AFIS News/Help (screen 90) and enter the keyword of "PDT" or contact your AFIS Liaison.

Q: How did the pilot go with AHCCCS not distributing direct deposit slips to their employees?

A: Feedback from AHCCCS has not been gathered yet. One of the conditions for the pilot was that all of the employees have access to a computer and the Internet. All 1,300 AHCCCS employees have access to the Internet. In Y.E.S., the pay information is not an exact duplicate of the pay slip. Eventually Y.E.S. will be updated with new software that will reformat the actual pay slip, so it can be viewed as PDF document. The PDF documents will be linked to the server that would allow the agency to print individual pay slips for employees if requested. Currently the pay information format in Y.E.S. does not look official for an employee to use as income verification.

Q: When the time comes for employees to enter their own hours electronically for payroll is there going to be any backup paper documents available to support the reported time? Also, is the employee still going to have to submit a paper timesheet?

A: Paper timesheets will not be required after the electronic time reporting is deployed. The electronic version will become the official document.

Q: What about the federal grant audits, the federal government likes paper?

A: There will still be an audit trail. The information will be stored and can be printed if needed.

Q: With the new Lawson upgrade for HRIS, is it possible to code the travel pay to have it deposited in a separate bank account than the employee's regular pay?

A: No, but one way around this would be to have a fixed amount for the employee's regular pay sent to one account and anything over that amount go into a separate account. The only problem would be that overtime would go to the separate account along with the travel pay. Mike will check with Lawson to see if a feature is available to send a specific code to a separate bank account.

Future Agenda Items

Emphasis on Electronic Payments (Direct Deposit & ACH)

Payroll Stuffers

New ways to distribute payroll stuffers are being considered. Currently the GAO is providing a PDF version of the payroll stuffer for AHCCCS and they will be distributing it via email to all of their staff.

Payroll Card and Direct Deposit

Payroll cards are being considered as an alternative to issuing payroll warrants for State employees. Stu Wilbur is working to gather information for Bank of America and to develop a marketing strategy for the 4,500 State employees who still receive a paper payroll warrant. Payroll cards are safe and secure and can be reloaded with each pay period. Payroll cards can save employees check cashing fees. Per statute, employees can not be forced to sign up for direct deposit.

Internal Controls

Amy Newby is working on an assessment document for internal controls for agencies to review and answer questions to determine where there may be issues or problems to address within their agency. The document will be distributed to all State agencies at a later date.

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

Meeting adjourned at 2:52 p.m.

The next meeting is scheduled for Tuesday, March 18, 2008 at 2:00 p.m. in the General Accounting Office.