

**Large Agency
Chief Financial Officers Meeting Minutes
February 24, 2009**

PARTICIPANTS:

Joe Whitmer, DOA
Paul Nicola, DCA
Tim Newton, DEA
Karen Johnson, DEA
Steven Palowski, DEA
Li Li, DJA
Craig Rudolph, DTA
Steven Race, EDA
Amy Stewart for Mike Clark, EVA
John Moorman, HCA
Jim Cockerham, HCA
John Lake, HSA
Joan Thompson, LAA
Chuck LeBlanc, PSA
Reed Spangler, RVA
Mark Carroll, SDA
Lihua Li, WCA
Clark Partridge, DOA/GAO
Mike Smarik, DOA/GAO
Anita Kleinman, DOA/GAO
Angela Dillard, DOA/GAO
Jaimie Soulvie, DOA/GAO
Tami Eckloff, DOA/GAO
Joanna Greenaway, DOA/GAO
Shannon Landis, DOA/GAO
Jennifer Verhelst, DOA/GAO
Brian Nguyen, DOA/GAO
Amy Newby, DOA/GAO

ITEMS COVERED

Clark Partridge – Welcome & Introductions

Internal Controls – Clark

The survey is currently being reviewed by upper management. Our effort is to try to hit a middle of the road, not as detailed as Sarbanes Oxley but still fairly detailed. It will take a while to complete. Depending on when we receive the approval, we will give agencies until the end of April to complete. We will send it out to a specific individual, directed to the CFO. It will be a learning process for the agencies as well as GAO. We are trying to espouse a model similar to the

benchmarking that we did. After the survey is sent out, we will follow it up with a weekly or biweekly conference call for questions.

Q: Once we see the survey questions and we see the questions on there and decide we are not currently doing that, but we should be, you get these results, what happens on your end when you get these results?

A: Explain in the comments section that you were not doing that but have implemented changes by the completion of the survey. We have stimulus money coming quickly. We may be getting the stimulus money before we have the guidelines on how to report on it. We are very sensitive to some of those problems otherwise we are going to be going back and doing rework which is inefficient. We want to work with the large agencies and talk through some of those issues so we can avoid some of the rework and provide guidance. It will probably make more sense but also generate a lot more questions once you see the survey. We are putting out a guidebook on what types of internal controls an organization should have. It should go relatively quickly but can be passed to others.

Don't feel like you need to sit and do the survey yourself. Feel free to send it to your program people.

Q: If you are wanting that kind of involvement and identifying weaknesses to begin to address immediately, I'm not sure the end of April will be enough time.

A: Clark agrees. All we are trying to do is throw out April so we can stay away from fiscal year end. Clark wanted to get it out this year so we can start thinking about it. It might be we send it out and it is answered centrally for now and then a fall completion date to be answered by programs. Clark is more interested in how do we improve and get better rather than a hard and fast deadline. If you don't have enough resources to assess what is happening in your agency, that probably says a lot about the workload in that agency but we really want to get at least one answer from each agency this year.

Budget

There is another request from OSPB for a 20% budget cut in 5% increments for each agency. It is due March 6th.

We are evaluating the cash flows. There are some agencies that are using a substitute format. We will be requiring the level of detail in our format and the use of our format. We will need to try to project with the budget cuts, how that affects the spending of the State. Some agencies have stated it will take a month or two to try to slow down the spending. Others are slowing the spending down immediately. The timing is very different.

It's going to be very important that we are communicating and coordinating as to when the stimulus money is coming in so we can estimate cash flow accordingly.

Federal Stimulus - American Recovery and Reinvestment Act

Q: There is part of 1001 or chapter 1 that takes \$500 million statewide. We also have tobacco settlement money coming in around April 16. We need to do some projections on the timing of the money.

A: We don't even know if you will get \$500 million. We've done some analysis already but you don't even know at this point how much tobacco tax money is going to come in. We've penciled it in at what it is budgeted for but it may not come in at that level. Good point. Thanks.

Q: Do you have any idea as to when the stimulus money is to arrive?

A: Clark has heard as early as today. Clark has heard money for transportation and other programs such as environmental may be as soon as seven days after the bill was signed. Make sure everyone in your agencies know they need to communicate with you if they are planning on receiving stimulus monies. We are probably going to set up a separate fund for federal grants specifically for all the stimulus money to be deposited. This may not work for everyone due to statutory requirements. We will need to sit down and talk about how this is going to be reported. The President has talked about accountability and transparency and that citizens need to know where every dollar is spent, so be prepared for a new level of reporting. We will probably be coming out with some requirements soon. If we need to change it and adapt we can, especially if there are statutory requirements. However, if there are Federal reporting requirements that conflict with the statutory requirements, we may have to make a judgment call.

Q: Is this going to have any affect on our A-87 reconciliations and how close they look at that? Are they going to be more forgiving?

A: Probably. No. With increased stimulus there is going to be more oversight. There will probably be even more expectation for oversight on subrecipient spending than is done now. Some procurement requirements will be waived but how does that mesh with State laws?

The stimulus bill permits the feds to declare any program a major program even if the program doesn't meet the dollar threshold.

Q: Statement 51 – Intangible assets, are we going to get an update to the Accounting Manual or Technical Bulletin with some guidance from GAO?

A: Clark thinks the answer is yes, it will come out with the closing package when we start to do our year end reporting. We have been trying to get through the current year. Thank you to those who have put in the effort to try to get your information in on time. If you feel you need more guidance, feel free to contact Ron Santa Cruz or Clark.

Q: We will need some direction on the software costs being intangible assets. We have multiple systems and they want us to go back to 1980.

A: Yes. It is not a day or two project. Clark is on a committee with the Association of Governmental Accountants intergovernmental partnership between the states and the Feds. A recommendation from this group regarding the feds view on capitalizing software is to relook at these types of things from a policy perspective due to the inequity.

Q: Our agency is going to need some answers soon still regarding Statement 51 regarding capitalization threshold limits. Are you going to retain the \$5,000 limit for software or raise it at least to the PIJ level so there is some method already in place to track system development.

A: That is something that has been contemplated over the last few years. We have been talking about moving building improvements up to some hundred thousand dollar threshold. There are pros and cons. Maybe we need to ask you as agencies, especially large agencies what the impact would be if we made a change. If you had suggestions you would like to send in, please feel free to do so.

Q: Our agency had significant issues implementing the recent HRIS upgrade. We were completely unaware that the upgrade would require Internet Explorer version 7.

A: That has come to our attention loud & clear. We were unaware until after the upgrade also.

Q: We experienced numerous timekeeper issues on Monday. The system was freezing, login request popped up when they were already logged in.

A: Stu is taking notes.

Q: Can you give us an update?

A: The biggest issue is the Internet Explorer 7. We were also unaware. The problem with version 6 is it only affected certain service packs. The best solution is to upgrade to version 7. We realize there are some deployment issues.

Q: There are also issues with downloading in HR Writer. If an attempt to download is made, it literally wipes out everything I just did, even with Internet Explorer 7. It shuts down the whole program.

A: The technical team is working diligently on these issues. We just had an issue where the server went down just before 2:00. We extended the deadline so timekeepers can finish keying.

Q: Who should we be communicating with regarding these issues?

A: The HRIS help desk will be your primary contact. If you can't get resolution, call Stu Wilbur (542-1674) or Mike Smarik (542-1672).

Q: If an employee calls the HRIS Help Desk with issues getting into YES, the help desk isn't telling those individuals to upgrade to Internet Explorer version 7 are they?

A: It is on the log in screen that you need version 7.

Q: We have transitioned over to version 7 for all of our power users as of last week. We are having problems with employees getting into YES with version 6.0. We have been advised by our IT that if they go ahead and log in, get the blank screen that says done and just let it sit, sometimes up to 10 minutes, it will log in. Once it logs in, it will log in from there forward without any problems as long as the cache is not reconfigured.

There are reasons to go to 7.0 for security enhancements.

Q: We have heard from some of our IT people that there are homegrown systems that will not work with 7.0.

Not only homegrown ones, but major applications that cannot work with 7.0 at this time are being affected.

A: If there are specific things you are encountering, we need to know about them so we can get them addressed. That is why we are asking calls to be directed to the HRIS help desk so they can track the issues and resolutions.

Future Agenda Items

Emphasis on Electronic ACH Payments

Travel & Expense Management Sub-System

Payroll Card

NSF & Favorable/ Unfavorable Deposits Cleanup Project

Federal Funding Accountability and Transparency Act (FFATA)

State Transparency Project

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

Meeting adjourned at 3:00 p.m.

The next meeting is scheduled for Tuesday, March 31, 2009, at 2:00 p.m. in the General Accounting Office.