

**Large Agency  
Chief Financial Officers Meeting Minutes  
March 31, 2009**

**PARTICIPANTS:**

Pam Hoback, DCA  
Tim Newton, DEA  
Steven Pawlowski, DEA  
Li Li, DJA  
Craig Rudolph, DTA  
Steven Race, EDA  
Mike Clark, EVA  
John Moorman, HCA  
John Lake, HSA  
Jim Humble, HSA  
Chuck LeBlanc, PSA  
Reed Spangler, RVA  
Mark Carroll, SDA  
Syndia Reeder, WCA  
Clark Partridge, ADA/GAO  
Mike Smarik, ADA/GAO  
Anita Kleinman, ADA/GAO  
Angela Dillard, ADA/GAO  
Tami Eckloff, ADA/GAO  
Joanna Greenaway, ADA/GAO  
Shannon Landis, ADA/GAO  
Jennifer Verhelst, ADA/GAO  
Amy Newby, ADA/GAO  
Celine Baker, ADA/GAO  
Amanda Bennett, ADA/GAO

***ITEMS COVERED***

*Clark Partridge – Welcome & Introductions*

**Internal Controls Survey – Clark**

The survey has been delivered. If there are any questions please let us know.

**Q:** I read in the email this is going to be an annual survey. From our prior discussions in this meeting, I did not understand this was going to be an annual survey.

**A:** We intend for this to be an annual update. In the future we will look at giving more time for evaluation and responses. Our goal is to have the survey done

this year before the end of the fiscal year. Future years can be done at any point during the fiscal year so the update is done before the end of the year. We plan to do some documentation of internal controls from the AFIS perspective in the future so it is documented on a statewide level. It is not cost effective for everyone to be documenting the same thing.

Is it too onerous? We paired it down. One of the potential requirements of the recovery dollars is to require the auditors to express an opinion on internal controls. Right now auditors look at internal controls as part of the audit, but they do not express an opinion on internal controls. If they have to express an opinion, it will be a lot more work for both the auditor and the auditee.

**Q:** If the potential for the auditors to express an opinion is still looming, what is the push for the internal control survey now?

**A:** The survey is a step in the direction to assess the internal controls and where there may be problems or issues. The survey was being developed long before the recovery dollars.

**Q:** What was the original push for the survey?

**A:** The original push was to be able to assess internal controls. There are certain attestations that need to be made and we need to be comfortable in a decentralized environment. The survey is an ADOA, GAO and Auditor General combined effort to have the information to make the internal control attestations needed.

## **Budget**

Hopefully the FY10 budget will be resolved soon so we can plan accordingly. FY09 is still not doing well. We are seeing this on the cash flow side. Coordinate with OSPB if you have any issues. Most of the appropriation reductions have been done. A lot of the transfers don't have to be done until June 30. If you are going to wait, make sure you adjust operations sufficiently so the transfer can be made. If you are going to have problems, let OSPB and GAO know.

**Q:** Is there going to be any type of hold back for the 4<sup>th</sup> quarter allocations for FY09?

**A:** The 4<sup>th</sup> quarter will be here tomorrow so all the monies will be available. There may be some exceptions but as a general rule, they will be available. We looked today to see what is on error. Agencies with items on error are fairly indicative of who is having budget issues. This is not always true, sometimes there are timing issues. If you have payroll on error, we will be vigilant in June to make sure all the payroll clears. If we have to stop all other payments to make sure payroll clears, we will. If you have payroll on error, make sure you have

your cash flows and expenditure projections complete for the year. Make sure your projections are accurate. Remember you cannot obligate more than what you have the authority to spend.

### **Federal Stimulus - American Recovery and Reinvestment Act**

The Office of Management and Budget (OMB) will be putting out additional guidance to federal agencies the end of this week or first of next. There will also be information put out in the Federal Register for comment on the reporting of the stimulus dollars. There will be additional guidance from the various Inspector Generals' Offices. This will include the audit compliance supplement. They are pushing hard for the auditors to express an opinion on internal controls. The compliance supplement is targeted to be out the last half of April for people to start planning their audits for FY09. OMB is looking at centralized reporting, one single entity reporting for the state. Federal agencies are looking for a more traditional decentralized approach via recovery.gov. Don't get too set on how you are going to report the dollars yet. Until you see the requirements, things may change. Those of you with stimulus dollars, do the best you can. Make sure you can account for any monies received and spent. There may be a lot of centralization.

**Q:** Are the individual federal agencies going to be coming out with their own regulations? Or will they just be piggybacking off of OMB?

**A:** Yes to both. There are some federal agencies digging in their heels and saying they don't want to do certain things. We'll see how everything gets worked out.

We have a draft Technical Bulletin regarding the recovery dollars. We may hold it until the OMB guidance comes out. We have set up a new fund, 2999 for federal recovery reporting. Amy will send out a copy of the current draft of the Technical Bulletin to the large agencies that will be receiving recovery dollars, HSA, HCA, DEA, EVA, PSA, DTA, and EDA. This is the first blush, it will change as guidelines change and we need to adapt.

### **AFIS Fiscal Year End – Angela Dillard**

The FYE memo should be out the end of this week or next. There will also be a webstory coming out announcing the two FYE sessions we will be having this year. We have reserved the ADOA building conference rooms for these sessions. The first one is May 14<sup>th</sup> from 9:00 to 11:00 a.m. The second one is May 28<sup>th</sup> from 1:00 to 3:00 p.m.

The first job will be the profile roll on April 17<sup>th</sup>. If you know you are going to have a lot of mass changes or new profiles for FY10, you can work with your liaison.

We have a new program called Hostbridge to upload so that you do not have to manually enter all the changes. If you have more than twenty changes, certainly call your liaison.

**Q:** Is that for all profiles?

**A:** We have about 99% of them set up to use this tool. The grants that don't roll have really been popular to use this new tool.

### **GAO-60's – Clark**

The GAO-60 is the certification form to be filled out when payroll is picked up. We still need to have one filled out even if all of your employees are on direct deposit and there is no payroll to be picked up. Moving forward we are trying to look at different processes to get the certification taken care of but for now we still need the form filled out and turned in every payday.

### **GAO Website – Clark**

The address for the GAO website will be changing. We will send a webstory out when the change has been made.

### **Federal Reporting – Celine Baker**

Celine gave a Powerpoint presentation on federal reporting. If you have any questions regarding federal reporting or federal issues, please contact the federal group at [federalgrants@azdoa.gov](mailto:federalgrants@azdoa.gov).

### **Federal Recovery Follow Up – Clark**

We have been hearing different things regarding CFDA numbers. We have heard new numbers are being issued and we have heard existing numbers are to be used. OMB has come out with the guidance that they don't care if we comingle the monies (recovery and non-recovery) as long as we can report the dollars and support our expenditures.

There is also a Treasury Management System (TMS) number that they may be requiring the federal agencies to use. They may also be requiring the grantee to use the TMS number as well. Please be aware of this in case it causes system changes. It is still early, they are still debating this issue.

DUNS numbers, there have been issues with the number being assigned to a person and then the person has left. A lot of questions have been raised regarding reporting on [recovery.gov](http://recovery.gov) and the use of the DUNS number. There are a lot of issues out there, just be aware of the requirements.

There are a couple of specific requirements that are in the law. These issues are typically requirements for federal contracts. They have not been typically widely required for federal grants. They are The Davis Bacon wages, or the requirement to pay prevailing wages, and buy American. There are questions as to how those would be implemented. The feds were asked what does buy American really mean? They said they didn't know the exact requirements but that they are very specific. As a general rule, Clark hasn't had time to double check, there is boiler point language in the state contracts that require compliance with State & Federal laws. We probably need to give the contractor the heads up that these are recovery dollars we are contracting for. We may have to say Davis Bacon wages applies, buy American applies, you may have to track the number of jobs saved or created. Make sure you are passing information to your contractors or subrecipients so they have the information they need to comply with the law.

A lot of this information is not yet widely available. A lot of it may have been shared as they were still thinking about things. Clark disclaims this information, as they may change their minds. Also if OMB is thinking about doing something and the federal agencies decide to do something else, things will change.

Cost Allocation. We should probably talk about costs, direct vs. indirect. The feds received money for implementation and oversight of these dollars, the States and local governments didn't get a whole lot. There are centralized costs, website, reporting, controls, audit follow up, etc. There is no money for those things, some of which are brand new. So how do we recover some of these dollars? Some could be substantial, such as if the Auditor General had to do an assessment of controls statewide or agency by agency, that would be a lot of work. How would they have the resources to do that? That would cost a lot of money. We believe A-87 will apply, CMIA will apply. The concern is if you put it through your indirect cost plan, if you incur the costs in FY09, you will recover them in FY11. The bulk of these dollars will be done in FY09, and FY10, possibly into FY11. By the time you have the opportunity to recover these dollars in FY11 and FY12, the grants won't even be there any more. Some of the indirect costs are limited. Another question is could the Governor use some of the discretionary dollars for the indirect costs? They are looking into these things. We don't even know for sure how some of the costing for these grants is going to work because there are new rules and unique reporting requirements.

### **Other Issues or Concerns – Clark**

There are some things on the bottom of the agenda that have been there for some time. Some are serving as reminders.

We'll give a brief update on the Federal Transparency. The website is subject to being brought down due to volume. They will put a lot of resources towards the recovery.gov site. Hopefully ultimately that website will become the

usaspending.gov site. This site should be built to handle the volume. The federal transparency site couldn't handle the volume in the pilot.

If you have suggestions for the agenda, let us know.

**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 3:10 p.m.

The next meeting is scheduled for Tuesday, April 28, 2009, at 2:00 p.m. in the General Accounting Office.