

**Small & Medium Agency  
Chief Financial Officers Meeting Minutes  
May 18, 2010**

**PARTICIPANTS:**

Megan Darian, ADA/State Boards  
Pam Rezek, AGA  
Julie McKnight, AUA  
Robert Savage, GFA  
Lori Boncoskey, GHA  
Tracy Schmidt, HDA  
Gary Norem, ICA  
Ken Bell, JCA  
Sharon Gulden, LDA  
Dianna Claassen, MAA  
Evangeline Webster, MEA  
Esther Olivas, MIA  
Sandra Regalado, MNA  
Rochelle Witharana, RTA  
Nancy Bennett, RTA  
David Medina, TXA  
Renee Dudden, VSA  
Angelica Romero, WFA  
Clark Partridge, ADA/GAO  
Mike Smarik, ADA/GAO  
Joanna Greenaway, ADA/GAO  
Anita Kleinman, ADA/GAO  
Tami Eckloff, ADA/GAO  
Angela Dillard, ADA/GAO  
Stu Wilbur, ADA/GAO  
Jennifer Verhelst, ADA/GAO

***ITEMS COVERED***

*Clark Partridge – Welcome & Introductions*

This will be Gary Norem's last CFO meeting. Gary is retiring on June 30. Congratulations Gary!

**State Transparency Project – Clark Partridge & Joanna Greenaway**

The system requirement document has been signed. Today Clark gave a quick presentation to the Digital Government Summit in downtown Phoenix. We have started our outreach to other municipalities. In 2013 we will have to link with other municipalities from our transparency website. Tomorrow we are giving an update on Transparency to the Governor's Office.

Reminder we will bring the website information up in phases. The first phase is AFIS data. Those of you that have all your information in AFIS should be set. We have asked you to look at your confidentiality. If you have payment items that are confidential as defined in the law, we need to know what those are.

Make sure you are handling confidential information appropriately. Make sure you are not putting confidential information in the payment description field. Make sure your staff is coding things to the right Comptroller Objects.

**Q:** We sent in the form. I thought it said if we said yes, GAO would be calling us?

**A:** We will be contacting you if you replied yes. If you are not sure how to answer the confidentiality questions, error on the side of let's have the discussion and we can work through it. One of the rules of thumb is if the information was requested via a Public Information Request, would the information be redacted? If you would not share the information in a Public Information Request then it is probably confidential.

We know everyone is busy and getting ready for fiscal year end. I would encourage you to read the Technical Bulletin and fill out the form as appropriate.

#### **Payroll – New A-4 Update – Stu Wilbur**

We have received permission from the Department of Revenue to collect A-4 information electronically via the YES website. We are hoping the form will be available the end of next week. Agencies can still accept the paper A-4 forms that employees turn in. Agencies can then use the upload template we have provided on the GAO website and send it in to GAO to be loaded. Or you can have staff key them in starting June 16<sup>th</sup>. When the electronic form is ready, we will send out a web story.

**Q:** Do they have to wait until June 16<sup>th</sup> to enter their information?

**A:** If agency staff are going to key employee's information directly into HRIS, yes they need to wait until after the compute on June 15<sup>th</sup> so the payday of June 18<sup>th</sup> will not be affected. When the electronic form goes online, employees can enter at any time but it needs to be entered by June 25<sup>th</sup>. Agency upload information will not be loaded into HRIS until after June 15<sup>th</sup>.

If agencies are entering information directly into HRIS starting June 16<sup>th</sup>, and a handwrite needs to be done between June 16<sup>th</sup> and June 30<sup>th</sup>, the old A-4 rate should be used. We will be having the statewide payroll meeting next Monday and we will remind the payroll contacts of the A-4 issue with the handwrites.

#### **ARRA Update – Joanna Greenaway**

We are gearing up for another quarterly reporting. This reporting period will fall on the first week of July. This reporting period will be shortened due to the 4<sup>th</sup> of July holiday. As in the past, we will pull preliminary data when May closes on AFIS. We are making some changes to our reporting. In the past we only reported on sub-awards that were actually paid over \$25,000. We received communication from the federal government that we are to report on sub-awards awarded over \$25,000. We do not have a mechanism in AFIS to capture this data. We are hoping to have an automated process for this sub-award reporting by the next reporting period. We continue to receive changes from the federal government. We appreciate your patience.

### **Comprehensive Annual Financial Report (CAFR) – Clark Partridge**

The 2009 CAFR has been issued. It is posted on the GAO website. We are in the process of submitting it with the Single Audit to the federal government. We would like to remind you of the due dates for next year. We do not have an approved extension for the submission of the Single Audit. The Single Audit is late primarily due to the CAFR work and the Single Audit cannot be completed without the CAFR. The reporting affects the State in several areas including continuing disclosure requirements for bonds and COPs, etc. Expectations are rising for having transparency and timely information available. We are about 5 months behind the normal reporting period for other states.

### **Single Audit – Anita Kleinman**

Being so late with the Single Audit findings has become problematic because sometimes we are 11 months into the new fiscal year before an agency receives a finding for the prior fiscal year. There is talk of requiring any audit findings related to ARRA dollars have to be resolved within six months. We need to find out what the issues are and get them resolved quickly. A lot of the Single Audit findings for federal awards and financial issues have been resolved. The remaining issues are dealing with new systems, disaster recovery, good controls over web based programs, etc. There are some findings related to subrecipient monitoring but these seem to be decreasing. Agencies seem to be doing a better job of subrecipient monitoring.

The Office of Management and Budget (OMB) has now come out with a new policy that if an entity is late submitting their Single Audit, by definition they are a high risk entity. We are high risk anyway due to the amount of federal dollars we receive. However the risk does change the way the federal government views the State of Arizona. It will also change the way the feds follow up on the individual programs that the State has. For example, the U. S. Department of Education announced they will be opening a Phoenix office. They have not had an office in Phoenix before. They are going to devote more resources to audit education dollars in Arizona.

### **Budget & Appropriation Matters – Clark Partridge**

Reminder if you have budgetary issues, let us know what is going on. We may be able to help you. We can coordinate with OSPB and the federal government as necessary. We have also issued a web story, if you need to have information submitted to JLBC to transfer between funds to accommodate some of the budget cuts and sweeps, we are trying to gather that information.

The memo regarding the FY11 budget load will be coming out soon. It will be earlier this year since we received the budget earlier. We encourage agencies to start thinking now of how they are going to load their budgets. Budgets should be loaded in AFIS by the end of July.

If there are issues with your appropriations and programs, we may be able to do appropriation transfers to make sure your appropriation, your budget and your program are in alignment. We will load the appropriations in accordance with law, and then we can look at doing appropriation transfers for any misalignments.

### **Fiscal Year End – Angela Dillard & Clark Partridge**

The second fiscal year end meeting is scheduled for tomorrow at 9:00. We will go over the year end memo. It should be a good refresher. We sent out a web story last week. We turned off the due date on claims. Hopefully this will help everyone clear out their IT files before we close the year.

The due date tool was appropriate when we used it. Our cash flow situation is now easing. To try to make things easier during fiscal year end, we have turned the tool off. If we need to turn it back on, we will do that but we should not have to turn it back on if our cash flow stays close to our projections. We will not have to worry about turning it back on until well after the close of the fiscal year.

AFIS is showing its age. Some of the tables are not large enough to handle amounts over \$100 billion dollars. They start to roll and digits start getting cut off. We have found ways to make transfers work around this and still account for the funds. When they brought AFIS up, we don't think they ever planned on the State of Arizona reporting on amounts in the hundreds of billions of dollars. Be careful of any rumors you may hear that we are creating new accounts or funds. We may have to do some things to work with the aging system, not to try any fancy accounting tricks.

There was a press conference stating that we have borrowed \$86 billion dollars. The maximum Treasury Warrant Note (TWN) that we have issues is about \$908 million. Our average TWN issuance is around \$500 million or less. We only spend about \$20 billion statewide including the universities.

Transaction Privilege Tax revenues for April were up year over year. TPT revenues are almost half of the revenues to the General Fund, about 48.8%. The next largest revenue contributor to the General Fund is the individual income tax. The biggest part of individual income tax is withholding. Withholdings are

stabilizing which is an indicator that jobs are stabilizing. Stability and the perception of stability help drive positive economic circumstances. The stability will help all of us.

**Q:** How old is AFIS?

**A:** AFIS was turned on July 1, 1992. AFIS is a relational database system. We went from a sequential to a relational database system with AFIS. It is still a COBOL based system. It is difficult to extract the data. If we had a data warehouse, data extraction would be much easier.

**Q:** Do you know when JLBC is going to release the report on the furlough reductions?

**A:** The last we had heard was about the middle of the month of May. They are trying to get them out as quickly as they can. You can estimate the reduction by calculating how much the performance pay was and how much the furlough and you will be in the ballpark. Start to plan now. You will not have much time to absorb the cut. They are trying to get the JLBC Appropriations report out as soon as they can.

#### **Future Agenda Items**

**Emphasis on Electronic ACH Payments**

**NSF & Favorable/ Unfavorable Deposits Cleanup Project**

**Federal Funding Accountability and Transparency Act (FFATA)**

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

Meeting adjourned at 2:55 p.m.

The next meeting is scheduled for Tuesday, September 21, 2010, at 2:00 p.m. in the General Accounting Office.