

**Small & Medium Agency
Chief Financial Officers Meeting Minutes
May 20, 2008**

PARTICIPANTS:

Megan Darian, ADA
Debb Pearson, APA
Julie McKnight, AUA
Lizette Morgan, GFA
Barbara Nicholson, GTA
Tracy Schmidt, HDA
Kim Bittrich, HIA
Oriana Ornelas, HIA
Diana Marczak, HUA
Glenn Hurd, ICA
Scott Greenberg, IDA
Joan Thompson, LAA
Sharon Gulden, LDA
Graham Bennett, LOA
Evangeline Webster, MEA
Esther Olivas, MIA
Tory Anderson, REA
Tyler Palmer, RGA
Mark Carroll, SDA
Marcia West, TOA
David Medina, TXA
Cheryl Fraulob, UOA
Sandy Sutton, WFA
Clark Partridge, DOA/GAO
Michael Smarik, DOA/GAO
Angela Dillard, DOA/GAO
Jan Sharon-Strieby, DOA/GAO
Joanna Greenaway, DOA/GAO
Shannon Landis, DOA/GAO
Stu Wilbur, DOA/GAO
Anita Kleinman, DOA/GAO
Tami Eckloff, DOA/GAO

ITEMS COVERED

Clark Partridge – Welcome & Introductions

Payroll Benchmarking

Stu Wilbur gave the Payroll Benchmark PowerPoint slide presentation. The benchmark information on 120 various organizations was gathered by The

Hackett Group during 2007. Hackett looked at the costs involved to process payroll. There was a state only NASACT Group where 17 states participated. The average cost for payroll is \$197.88 per employee per year for the State of Arizona. Time reporting was the largest portion of the cost. This cost did not include the time the employees spend to submit their payroll information. The next step for the State of Arizona will be to implement self entry in calendar year 2009.

To view the "2007 Payroll Performance Study Presentation" visit the GAO Website "Payroll Information" page under "Payroll Publications" at <http://www.gao.state.az.us/publications/payrollreport/>.

P-Card and Travel Card

The AFIS Group has been working on setting up US Bank (VISA) ACH accounts for each agency to have their own separate accounts. A problem occurred with the setups and the agency account number is not going across on the record for when the payment is issued to US Bank. There may have to be programming changes in order for the US Bank ACHs to be processed. In the meantime, agencies will need to pay their US Bank invoices with a warrant. The GAO will send a web story to notify the agencies when they will be able to pay US Bank with an ACH.

Clark asked the agencies if they had any other comments or concerns about the new P-Card and Travel Card. One agency commented that they liked the fact that they did not have to pay the bill in full when there was a billing discrepancy as with the previous card company.

Q: Is it true that the ghost card can be printed on plastic with just the agency's name on it?

A: At this time, US Bank will not issue a card without a person's name on it as someone has to be liable for the card. Ghost cards are State liability cards and do not have plastic issued. If an agency wants to issue a card under someone's name and utilize it like a ghost card, they can but the individual who is named on the card will be responsible for the charges. The Central Travel Account (CTA) has to be in the agency's name and no plastic can be issued for the CTA. It will be up to each individual agency as to what they will allow to be paid by the individual's travel card. Agencies can allow car rentals, airfare and hotel charges to be paid by the employee's travel card. The new travel cards are not State liability cards, they are personal liability cards.

Q: What happens if the hotel requests a copy of the card faxed to them?

A: For security reasons, it is against VISA regulations for a vendor to request a fax copy of a card. Vendors are charged a higher fee if there is no card present when they run the charges. That is why hotels request a plastic card when the traveler checks out.

American Express Card Transition

Clark asked if anyone was using their AMEX still. A few agencies have not transitioned to the new cards. AMEX has extended their contract for a year. This will allow the State to have time to close their AMEX accounts.

Upcoming Audio Conferences

The GAO has scheduled the following audio conferences with CPE available:
Wednesday July 17, 2008 at 11:00 a.m. – GASB Review: New Standards and the Latest on Service Efforts and Accomplishments (SEA)

Internal Audit Meeting with all Agencies

The first Internal Audit Meeting was held on April 30, 2008. Future Internal Audit Meetings will be held on a quarterly basis. If anyone would like to attend the Internal Audit Meetings they can contact Jaimie Soulvie (602) 542-6223.

Budget

Not all agency's budgets have been set for the rest of FY08. Some of the "back of the bill" adjustments have not been completed. In addition, the allocation of Personal Services and ERE on Section 23 of Chapter 53 have not been determined yet by the JLBC. Rent adjustments have been distributed and the rent has increased from \$1,950.00 to \$2,102.00.

Some of the appropriations will be loaded without contacting the agencies if they look straight forward. The FAAR Group is working on preparing the load sheets for the items this week. Their main focus will be on completing the reductions and the fund sweeps first.

Letters were distributed concerning the fund transfers to the General Fund and the information was supposed to have been returned to the GAO by April 30th. Some agencies have not returned the information. Some of the fund transfers will not be able to be completed until June 30th when the money becomes available. Please contact your GAO AFIS liaison as soon as possible if there are any issues or concerns concerning the fund raids.

Other discussions were held concerning possibilities that may happen with the FY09 budget. Nothing is certain until the appropriation bill is passed for FY09. Appropriations will be loaded as soon as the bill is signed.

Q: Does the hiring freeze affect all funding sources?

A: Yes, the hiring freeze pertains to all funding sources, appropriated and non-appropriated. If an agency has any questions concerning this they can talk to their OSPB analyst and their GAO liaison.

AFIS Fiscal Year-End

The next AFIS fiscal year-end training session will be held on Tuesday, May 27th from 1:00 p.m. to 3:00 p.m. in the ADOA conference room 300. Agencies need

to read the "Fiscal Year-End Memo and Closing Instructions" as there are some items that have changed from the previous year.

Fiscal Year-End Travel

The work around for fiscal year-end travel is addressed in the "Fiscal Year-End Memo". At this time, fiscal year-end travel is problematic. The GAO is working on a long term system solution which will hopefully include the end of FY payroll allocation as well with the next HRIS/Lawson upgrade.

The following information was discussed in the April 22nd CFO Meeting:

June 20th is the last payday in FY08 with the compute being on the 17th of June, June 17th will be the last day to enter travel in for FY08. The first payday in FY09 will be July 3rd and if there is travel on that payday it will be charged to FY09. Agencies should do everything possible to try and get as many old travel claims processed prior to June 17, 2008.

There will be two options available for processing travel claims in the HRIS after the June 17, 2008 compute:

1. Travel transactions entered in the HRIS after June 17, 2008 that are to be processed with the normal payroll cycle will be charged to the new fiscal year in both HRIS and AFIS. For those transactions that relate to FY08, the agency will then need to process an administrative adjustment journal entry in AFIS to transfer the charges to the correct AY during the administrative adjustment period.
2. Agencies may also input travel claims from June 18, 2008 through June 30, 2008 as handwrites in the HRIS. However, agencies must ensure that the labor distribution in the HRIS reflects the proper accounts as defined for Fiscal Year 2008.

If you have questions about processing travel claims during the 13th month, please contact Joanna Greenaway at (602) 542-6227 or Shannon Landis at (602) 542-6254.

NSF and Favorable/Unfavorable Deposits Cleanup Project

The AFIS liaisons are working on the NSF and Favorable/Unfavorable Deposits Cleanup Project when they have time. They will focus more on this project after fiscal year-end. The discrepancy information was distributed to the agencies. Some agencies are going back to microfiche for information on their old deposits. The last cleanup was performed in 1996. The GAO would suggest that the agencies take their most current year and scrub it first and work backwards. It is important that agencies keep current going forward on their outstanding discrepancies. If agencies are reconciling monthly (as they are supposed to) then these discrepancies should be resolved quicker and easier. Another suggestion would be for agencies to get in the habit of looking on the 65A screen

in AFIS to see what has posted to the GL accounts. Sometimes the notice sent by the Treasurer's Office may not be getting to the agency's accounting staff.

Q: Is it possible for the GAO to publish a CD with all of the NSF's on it?

A: No, the GAO does not have that information. Some of the old information is located on paper and microfiche.

Q: In the future, on the contract with the State Bank, is it possible to have them maintain registers for the agencies on the NSF's?

A: It could possibly happen but may be costly. Clark does not know if the Treasurer would approve of the extra cost since NSF's are something that agencies are supposed to be cleaning up on a regular basis. When they occur they are on the GL and technically we do not need another report.

Eliminating Direct Deposit Printing and Distribution

Currently there are several agencies who are not distributing direct deposit advices as a pilot. There appear to be more agencies wanting to eliminate direct deposit advices than agencies that want to continue to distribute them. The target date to cease issuing direct deposit advices is July 1st. Agencies need to determine who in their agency does not have access to a computer to view their pay information in Y.E.S. If the employee does not have access the agency can print the pay advice for the employee. Per the Attorney General's Office electronic access is still access. If an employee wants a hard copy of their pay information, they can print one. If an agency wishes to continue to distribute direct deposit advices, they will have to prove why the on-line solution does not work for them. There may be a charge associated with the printing of pay advices if they are coming from the GAO. Notification will be sent to the agencies before implementation. Employees who are not on direct deposit will still be getting a blue payroll warrant for the time being. This issue will be addressed in the fall with the payroll card solution.

Payroll Stuffers

After eliminating direct deposit advices, payroll stuffers will be PDFd and sent to each agency to distribute electronically to their employees. Eventually payroll stuffers will be posted on Y.E.S.

GAO Receiving Other Agency's Mail

GAO has mail slots for agencies located at the front desk. These mail slots are for GAO use only and are not to be utilized by other agencies. Some agency couriers are placing mail for other agencies in the in-basket at the front desk or in the agency mail slot. The GAO is not the mailroom and will not support this service. Clark asked the CFO contacts to ensure that their couriers are not placing mail for other agencies in the GAO mail slots or in-basket.

Issues, Concerns, Questions

Q: For those agencies that accept credit cards what additional time do you spend

when reconciling those transactions?

A: The process is more cumbersome than everyone would like. The transactions end up lumped together and the agency has to determine what funding code they belong to. One of Clark's future projects is to get with GITA to work on building a statewide electronic storefront.

Q: I have been emailing several people looking for an answer on bonding. The Internal Cash Control in the State Accounting Manual states that all staff handling cash must be bonded. I do not have anyone in my agency that is bonded and I am wondering if this would cause a problem?

A: That is problematic. In theory everyone is already bonded by RISK Management. In order to be covered you have to demonstrate that there is a loss by filing a police report on the theft other wise it is an insurance claim. Bonding is against theft and loss. Clark suggested that the agency check with RISK Management to see what they say.

Future Agenda Items

Emphasis on Electronic ACH Payments

Payroll Card

Internal Controls

The GAO is working on a project to identify key internal controls that agencies should be working on that are not optional. There are certain core internal controls that agencies should be doing on a regular basis such as reconciliation. Additional tips and tricks to handle internal controls quicker and easier will be included in the project. In the future, internal controls will need to be assessed annually and will require certifications from the CFO and Agency Head. Compliance associated with reporting financial statement information was discussed. More information on internal controls and Sarbanes-Oxley will be provided this fall.

Travel & Expense Management Sub-System

Federal Transparency Act

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

Meeting adjourned at 4:04 p.m.

The next meeting is scheduled for Tuesday, September 23, 2008 at 2:00 p.m. in the General Accounting Office.