

**Small & Medium Agency
Chief Financial Officers Meeting Minutes
September 20, 2011**

PARTICIPANTS:

Megan Darian, ADA/State Boards Office
Biju Kamaleswaran, AGA
Nicole Slusz, AGA
Julie McNight, AUA
Bob Savage, GFA via GoTo Meeting
Barbara Wulbrecht, GMA
Tim Jackson, GMA
Tracy Schmidt, HDA
Terry Riordan, HLA
Kevin ?, HLA
Brett Larsen, ICA
Scott Greenburg, IDA
Ken Bell, JCA
David Trimble, LDA
Esther Olivas, MIA
Allen Imig, NCA
Sandra Mengelkoch, PRA
Trudy Kranendonk, RGA
Angela Cade, SFA
Celine Baker, STA
Patricia Sandino, TEA
Marcia West, TOA
Cheryl Fraulob, UOA
Clark Partridge, ADA/GAO
Mike Smarik, ADA/GAO
Anita Kleinman, ADA/GAO
Jaimie Soulvie, ADA/GAO
Tami Eckloff, ADA/GAO
Stu Wilbur, ADA/GAO
Amy Aeppli, ADA/GAO
Brian Nguyen, ADA/GAO

ITEMS COVERED

Clark Partridge – Welcome & Introductions

FY12 Sweeps and Fund Transfer Questionnaires – Anita Kleinman

When sweeps were started in FY08 the Fund Transfer Questionnaire was required. Subsequent years the questionnaire was not required. For FY12 sweeps we are again asking for the Fund Transfer Questionnaire on every sweep. We have had legal issues

come up so we are trying to recapture this information again. The AFIS liaisons will be following up to receive a questionnaire on every sweep.

Q: You are basically asking us to attest that there are no legal impediments to the sweep?

A: Correct. You have already communicated the anticipated transfer dates. JLBC has requested a monthly update on this information. If you know there will be a change in the future transfer dates, please let us know.

Microsoft Settlement – Anita Kleinman

There were some agencies with large dollar amounts that have not taken advantage of the settlement. These agencies have been contacted. If we have not heard from you, we will assume your agency will not be utilizing the settlement monies and we will be going back to the courts to reallocate the unused balance. We will need to know by the end of September what your plan is.

Edit Mode 2 for Administrative Adjustments – Anita Kleinman

A few years ago we delegated administrative adjustment release authority to the agencies. We are requesting this authority be at a higher level at the agencies, the CFO or the CFO's designee. We have had inquiries from agencies asking why the release authority for administrative adjustments cannot be in edit mode 2. We have one user class that covers both claims and transfers. If there is a desire for administrative adjustment claims to be processed quickly, we would need to set up a separate user class. Before we do this, we would like to know if there is really a need to process the administrative adjustment claims in edit mode 2.

There was no response from the group that edit mode 2 is necessary for the administrative adjustment claims.

Mandatory Direct Deposit – Stu Wilbur

We have continued to communicate to the agencies those employees that have not yet signed up for direct deposit or the payroll card option. We will continue to send out reports to the agencies. September 30 will be the final date for employees to fill out a GAO-65 form. After that date, we will request the agencies to fill out a GAO-65 form on the employee's behalf, send it in to GAO for the employee to be signed up for a payroll card. Anticipating a week to a week and half for agencies to get the forms sent in and the pre-note process, the first payday a deposit would be made to the card would be November 4th.

We want to make sure the employees have the card in hand when that first payroll hits it so they can actually use it. We will send out a communication to employees that are signed up telling them to check their mail. B of A is to be provided at least 3 weeks to get the card in the mail. There is an 800 number that B of A provides in case of any issues, i.e. the employee just moved or the address was incorrect, etc. They can

contact B of A to have another card sent to a different address and have the first card cancelled.

Q: The addresses are all tied to HRIS?

A: Yes.

Chapter 251 – Payroll Political Purpose Deduction – Clark Partridge

A discussion was held on this topic. The actions discussed were not taken due to a court ruling that occurred subsequent to this meeting.

Travel Policy Changes – Timely Processing of Lodging Rates – Clark Partridge

We have submitted to be put on the JLBC agenda to change the lodging rates to match the federal rates. It has not been put on the JLBC agenda.

Cell Phone Reimbursement – Clark Partridge

The IRS just published new information regarding employee cell phones. Providing cell phones are no longer a taxable fringe benefit. Reimbursements can be done at a specified rate as long as we establish the rate not to exceed a reasonable cost nor exceeds what the employee spends. The policy we are currently working on establishes the reimbursement for \$25 for voice and \$25 for data (if they are required to have a data plan). The reimbursement will mean their personal cell phone is now also their business cell phone and the agency is not to provide a State owned cell phone. A policy will hopefully be issued in the next week or so. The targeted implementation date is October 1st. Reimbursements will be done \$12.50 per pay day (\$25 per payday if they are receiving the entire \$50 reimbursement) the first two paydays of the month over 24 pay days per year.

Employees must notify the agency if they no longer have cell phone service. Agencies will need to perform an annual renewal to make sure the employee still has the service they are being reimbursed for and that they still need the voice and data plan. Also, make sure if you supply the employee with an Ipad or similar device, you are not also paying for data services on a cell phone.

Internal Controls & Fraud Toolkit – Clark Partridge

Greg Vokoun is currently presenting at the AGA Fraud Conference. Greg has been working with AGA on the Fraud Toolkit. We will be rolling that out to agencies and providing access to the toolkit. Be thinking of your business relationships and entities that you pass money to, subrecipients, grants, etc. How can you prevent fraud?

ProcureAZ – Encumbrances – Clark Partridge

When a blanket purchase order is done in ProcureAZ, it is going across to AFIS as a blanket encumbrance. In many cases it is hitting the quarter in which the blank PO was created and using the entire quarterly allotment. Agencies have been sending in requests to have their allotments rolled forward. On the GAO website is the GAO-PM-20 form that has been modified. There is a box in the middle of the form that says the

reason that you want to change the budget indicator to an E on the profile. Just fill it in stating that you are trying to pass information from ProcureAZ for a blanket or annual encumbrance. AFIS will no longer error out the encumbrance transaction because there is not sufficient available allotment in that quarter. AFIS will make sure that the available appropriation for the year is not exceeded.

AFIS Replacement – Clark Partridge

Clark gave a PowerPoint presentation that outlines the kick off and the current status of the AFIS replacement project.

Q: Will the timing of this project and the associated appropriation be such that we are not hurried in the end to spend an appropriation?

A: That is one of the things discussed on day 1 with the STA consultants. After the first day they said we were further ahead than any other state that they had worked with. We have discussed this issue and will be planning accordingly throughout the project.

What concerns or questions do you have regarding this project?

Q: My concern is we end up with something that doesn't do what we expect it to do. We have many examples of systems we have procured in Arizona state government that have fallen short.

A: We have talked about those risks. We have to use time wisely. We have to define the requirements and the expectations, based on fact and verifiable. We have to be aggressive and committed. We will be looking at having a continuing appropriation project rather than a set time frame so that we are managing the project.

Q: Are there things that we should be doing right now with staff or data?

A: Start thinking about what you would like to see in a new system. What would your wish list be? It is high level visioning.

Q: This could be a statewide system as well as a replacement system for our internal agency systems?

A: Yes. The new system should reduce internal systems and cut down on reconciliations between systems. If you have any additional concerns, please let us know. Send Clark an email.

Any other Questions or Concerns?

Future Agenda Items

AFIS Training

3% Withhold

NSF & Favorable/ Unfavorable Deposits Cleanup Project

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

Meeting adjourned at 3:20 p.m.

The next meeting is scheduled for Tuesday, October 18, 2011, at 2:00 p.m. in the General Accounting Office.