Small & Medium Agency
Chief Financial Officers Meeting Minutes
October 19, 2010

PARTICIPANTS:

Megan Darian, ADA/State Boards
Biju Kamalesawaran, AGA
Beth Mania, AHA
Julie McKnight, AUA
Tina Waddell, FOA
Tracy Schmidt, HDA
Ken Bell, JCA
Sharon Gulden, LDA
Esther Olivas, MIA
Madan Singh, MNA
Carol Graves, PIA via GoTo Meeting
Kim Stromberg, PIA via GoTo Meeting
Miryom Snyder, PRA
Sandra Mengerkoch, PRA
Terry Stanfill, PVA
Trudy Kranendonk, RGA
Brett Larson, STA
Don Bentley, SPA
Patricia Sandino, TEA
Shari Courtney, TEA
Marcia West, TOA
David Medina, TXA
Clark Partridge, ADA/GAO
Mike Smarik, ADA/GAO
Joanna Greenaway, ADA/GAO
Anita Kleinman, ADA/GAO
Tami Eckloff, ADA/GAO
Jaimie Soulvie, ADA/GAO
Stu Wilbur, ADA/GAO
Yesenia Mejia, ADA/GAO
Amy Aeppli, ADA/GAO

ITEMS COVERED

Clark Partridge – Welcome & Introductions

Employee Time Entry (ETE) Demo – Jennifer Bowling – ADOA/HRIS
The pilot agencies for ETE have recently been deployed. ADOA, AHCCCS and Health Services have all had a subset of their employees participate in the pilot.

HRIS is in the process of deploying ETE to the remaining employees at the pilot agencies.

The pilot went extremely well. Jennifer will be responsible for creating the agency implementation team for the rest of the agencies. She would like a representative from payroll and HR from each agency. The director of each agency will be contacted by Jennifer to discuss implementation. Goals for the remainder of the calendar year are to make sure supervisor codes and email addresses in HRIS are correct for your employees. These two items are vital for the ETE process. HRIS would like to implement most of the smaller agencies within a couple of months after the 1st of the calendar year.

ETE will cut down on paper and on the time for the piece of paper to flow through the approval process. Employees will log into YES for the ETE application. Jennifer gave a demonstration on how the ETE program looks and works.

Please remember that there are no alternative work weeks for the State of Arizona. Alternative work schedules were eliminated this summer when 9/80's were eliminated. It wasn't just the 9/80's schedule that was done away with; it was any type of alternative work schedule/work week. The work schedule for the State is from midnight Saturday morning thru 11:59 Friday night.

ADOA has implemented business processes as to when the time entry is due. When ETE is implemented for other agencies, Jennifer will work with the agency on the different deadlines in the ETE process.

Q: If someone keys in sick leave and they don't have any, what would happen?

A: You would get an error message. The system will force you to change the entry to another type of leave, or if there isn't any available, leave without pay.

Right now we are forecasting our time sheets because of when they are due in the current paper process. With ETE, there will be less forecasting and therefore fewer adjustments. Changes can be made to the ETE time record up until Friday at 5:00 p.m. on week 2 of the pay period. After that the time record will move over into HRIS.

Q: Last week was the holiday. If an employee had the holiday on Monday but worked 12 hours Tuesday, Wednesday, Thursday and Friday, after 32 hours they tried to charge their time to premium overtime, will the system give them an error message that they cannot get premium overtime until they specifically work over 40 hours?

A: If it is an excluded employee you cannot enter anything over 40 hours. If it is an exempt or non-exempt employee that is allowed to use pay code 101, the system will force the employee to code it in to 101 and it will allow the employee to use over 40 hours in a work week.

The system will automatically calculate whether they are eligible for the premium overtime. The system knows that it has to be work time over 40 hours before overtime is calculated.

Q: How will the employee report the index or PCA? Sometimes they have to record their time based on the job they are working on.

A: Game & Fish will be the pilot agency to have employees be able to enter in their activities and labor distribution. Those agencies that need their employees to be able to enter the labor distribution will fall in line behind Game & Fish for implementation so they may not be able to deploy the system in January.

If you are familiar with XR.32, that is what it will look like in ETE. Time can be entered in 15 minute increments.

Q: Right now when you enter time and attendance, the holiday is already populated. Will it be on here?

A: It is not defaulted in at this time. If the holiday is not entered, a message will display saying October 11 (for example) was a holiday. Are you sure you don't want to enter in the holiday? There are some individuals that have to work so they can code the hours they worked. We are looking into defaulting the holidays.

Q: The same with the furlough days?

A: Furlough days are harder since there are so many alternatives and exceptions with furlough days. We want to force the employees to enter in their time. We want them to be accountable for what is entered.

Q: When did you say the deadline was for the employee to actually enter their time?

A: ADOA and DHS have implanted the practice that Wednesday of week 2 of the pay period the employee will have entered their time by the end of the day. It is the business decision of the agency. AHCCCS has their deadline on Thursday by noon. The process is, the employee needs to enter, the supervisor or manager needs to review and the proxy person needs to do their final review. At 6:00 on Friday the information is moved over to HRIS. At that time the agency can still make changes, but they will be made in HRIS by a timekeeper or Payroll staff member with access to the XR35.

Q: When the supervisor does their approval, is that done before the information goes into HRIS?

A: Yes.

Q: If we have not set up a labor distribution in ETE, then it will default to the labor distribution in HRIS?

A: Yes.

Q: What about attendance codes?

A: The attendance codes are there. There is a drop down box to choose which codes to enter. The list has been shortened.

Q: Will there be training?

A: Yes. There is a Computer Based Training (CBT) for all employees which is required to use ETE. There is then a separate CBT for supervisors and managers to take to be able to approve time records in ETE. There is a quick reference guide in YES right along with the ETE. Jennifer will be offering employee briefings to go and talk to the employees of the agency prior to implementation.

Q: Travel has nothing to do with this?

A: No. This is employee time entry.

Q: When you said personnel would be reviewing the ETE on Friday. Who did you mean?

A: Your agency's Personnel Coordinator.

Q: That person would not be the appropriate person to review this information.

A: That is fine. It can be whomever the agency designates. It would be whoever would be looking for missing time records, do a final review, etc.

If an excluded employee works 20 hours in a day every day, they would still key in 8 hours. The key to remember is this is a pay process.

If there are any changes made to an employee's time record after they have submitted it, an email will be sent to the employee.

Q: What is the audit trail?

A: The original entry by the employee and the final changes, approval and submittal by the supervisor or proxy will be tracked. There is a report that is available to the payroll department to run at any time for any pay period for any EIN.

Q: How far back will those reports go?

A: It will stay will the system as long as the time and attendance is kept, that audit will be there. The Auditor General's Office will be testing these functions on a statewide basis. The record retention is at least five full fiscal years. That will be the timeline for retention.

Down the road employees will be able to see previous time records submitted. Right now they will only be able to see the current time record. All of the audit information is kept in HRIS. There will be reports that the agency will be able to run out of HRIS that will support a review by auditors, Inspector General, etc.

If an employee is out of the office and unable to submit their time record, your agency can assign proxy rights to allow someone else to submit the information.

Q: How do you know the employees that you approved time for actual worked what was submitted?

A: You will need to have access to the leave slips and know what the individuals are working, just as you do now with the paper process.

Your leave process, adjustment process and overtime approval process will not change with ETE. They are not part of the ETE system.

Q: Is a batch created when the information goes into HRIS that payroll can then review?

A: Yes. Each agency will be assigned batch numbers and they will stay the same numbers. The information will be uploaded into HRIS and the batch will control all the process levels assigned to it. Every pay period it will be the same number. It will delete itself once the pay has processed and be reassigned the next pay period. The HRIS team can create as many batches as you need.

Jennifer will be meeting with the HR managers at the small agency HR meeting on November 4th. She will then be meeting with agency directors. Jennifer is excited to get this project going. This will save the State a lot of time, money and paper.

Q: Is the goal to make ETE mandatory eventually or is it each agency director's choice?

A: HRIS is trying to work with each agency to make this happen. If there is a unique situation and an agency feels that this just won't work for them we can sit down and talk about it.

Q: I see us still needing paper trails for federal grant reporting purposes.

A: The feds require an after the fact time sheet. This will satisfy that. The main thing is assigning the labor distribution after the fact. For right now, GAO agrees with you that you need to keep the paper trail. Once ETE is finished, the need for the piece of paper will likely be eliminated.

DES is working with Jennifer to be able to get their time distribution recorded in ETE. So hopefully it will work for other agencies needing to record this information for federal grant purposes. Some federal agencies are more difficult to work with than others.

Cell Phones – Clark Partridge

The President signed into law on September 27, 2010 the law removing cell phones as listed property. Prior to this new law, personal use of an employer's cell phone was taxable to the employee. That will be going away. We have not yet seen anything from the IRS. The cell phone use may still be taxable if for example a cell phone was given to an employee and it was used almost exclusively for personal use.

If there is any additional out of pocket cost to the State from personal cell phone use, it will need to be reimbursed. You cannot violate the gift clause.

Office of Foreign Asset Control (OFAC) – Clark Partridge

We will be coming out with instructions on this topic. If there are payments to individuals that are on the feds list of potential people that support terrorism or other inappropriate methods, we are responsible for reporting those payments. We are going through a process where the vendor file will be reviewed periodically to make sure we don't have any issues. If we have some hits against this list, we will work with the respective agencies involved making the payments.

If you are using TC825s or T826s and you want to continue using these TC's, we are looking at having the paying agency responsible for any type of charge for payments made to a vendor on the feds list. We will talk more as we implement the policy.

Q: Where do we get the list and how do we check it?

A: Agencies don't check it, GAO will.

Q: We have a fund that due to the nature of the payments, we use TC825. So how does this work?

A: We will check the vendor against the federal list but if there is a match with your vendor and the list, your agency may be responsible for paying for the match.

Q: What do you mean by responsible for paying?

A: We are using a service that conducts searches against the vendor file & the TC 825s & TC 826s and the feds list. If there is a match, there is a charge. The charge is something like a dollar per hit. If there is a hit, GAO will be following up with the agency before the payment is made. If you are using TC825 or 826, we will be working with you.

Payments to Employees – All thru HRIS – Clark Partridge
We have been looking at the payments to employees that are currently being made in AFIS. Some of these payments are actually for wages. This is a problem.

Q: We have always used petty cash to reimburse for parking.

A: Eventually we will probably have it go through on a travel claim.

Q: There are currently no pay codes to reimburse for parking.

A: That is something we will be looking at throughout this review is making sure we have the correct pay codes for these types of payments to employees. After you see the policy and the detail, if there is something we haven't covered, let us know.

Q: Who would be entering the information for employee reimbursements into HRIS?

A: We will talk about that as we get further down the line with this project. It should probably be the same people that enter travel now. It may be a work load issue but it shouldn't be that much different than entering the claim into AFIS now.

Q: When will this be implemented?

A: We are shooting for a January 1st implementation.

Federal Offsets – Clark Partridge
If you have an issue with federal offsets, if you get hit with one, contact Anita Kleinman immediately at 602-542-2216 or Anita.Kleinman@azdoa.gov. There are several offsets that have happened that we do not have the information to

determine which State agency they belong to. If we eventually get some of this money back from HHS, we won't know who to give it to.

Q: What do you mean eventually?

A: Hopefully we will receive some back since HHS has offset more than what we owe them.

Q: We had two separate offsets that we have been communicating with OSPB. The first one we understand will be a budget cut to our agency, the second one we were told we would get the money back.

A: Until we get the reconciliation from HHS, we won't get anything back. After the reconciliation is done, you may get all of it back or some of it. We cannot give you what we don't have.

Q: We have received billings from outside entities to pay but have received the offset of the federal funding which was to be used to pay them. What do we do?

A: You are still obligated to pay the outside entities. We will be speaking more with the budget office and the legislative staff. We understand the predicament you are in but unfortunately there are other agencies that are in worse shape due to the large dollar amounts they were offset. It is a huge issue.

Q: Are we looking at any potential future offsets?

A: There is always the potential for future offsets. We are not aware of any currently in the pipeline.

Q: Do I understand correctly that if federal funds were drawn down to specifically pay certain invoices and the draw was offset, we are still obligated to pay those invoices?

A: Correct. You are still obligated to pay and from the feds perspective, they paid you. The State is one legal entity. It doesn't matter which part of us caused the problem.

Q: We won't know about a supplemental to cover this until after the Legislature comes back into session?

A: Correct. We are planning a meeting to make sure the people that recommend policy and approaches are adequately informed. If you don't pay your invoices, the feds consider you having received the money, you will be non compliant, and you will have questioned costs or disallowed costs and potentially cash management issues.

We used to have an agency that was 100% federally funded. I don't think we have that situation now.

Q: We were notified that something may happen in terms of an offset but we have not noticed anything in term of being short monies.

A: Typically the feds complete the draw by giving you $1 instead of the amount requested. Some State agencies have contacted the feds asking if they are okay to draw or if there is a good chance it will be offset. The one payment that we owed the feds, they took most of it in one round and then came back and took the rest of it.

Federal Financial Accountability and Transparency Act (FFATA) – Clark Partridge

We still do not know what constitutes a new award on or after October 1st. If it is a brand new grant and this is your first award, that qualifies as a new grant. We do not know what else they will qualify as a new award. If you have a five year award and this is the beginning of year three, they may still qualify it as a new award. Make sure you are tracking your sub award information. We will be getting some policy information out to you this week. Contrary to ARRA, you cannot have your subrecipients key in the information. You need to key it in.

The federal government OMB has not told us how some of these processes will work. So we cannot decide yet what some of the approaches for the State will be since we do not know how some of these things are going to work. We will pass information to you as soon as we receive it.

There is another webinar that the feds did that is out on the OMB site. It was an October 7th webinar. You may want to look at that webinar. We will provide the link in our policy information. In case the policy does not get out this week and you want to check out the webinar, email Anita and she can send you the link. The webinar is about a half hour long.

ARRA Update – Joanna Greenaway

On Friday October 8th all the reports were submitted. The submission was done 48 hours before the deadline. Reports for 504 awards were submitted, which is higher than last quarter. Thank you for all your help in meeting the deadline. The GAO ARRA team didn't have to work over the weekend which was great.

State Transparency Project – Clark Partridge & Joanna Greenaway

A demo of the current website information was given. The website is currently password protected and not yet available to the public. When the site is available you will be able to download or print information however printing is not recommended. You could inadvertently print all the drill down information. Download first and then print preview and print off the download.

There will be a week lag between the AFIS monthly closing and the information being loaded onto the website. That would be an ideal time for an agency to contact GAO if there was a coding problem when a payment was processed and something needs to be fixed due to confidentiality before it posts to the website. If the information makes it to the website, it is a lot more labor intensive to fix it.

The information provided is not intended as a financial datawarehouse. It is limited as to what you see and how you can sort. For example, you will not be able to view the expenditures of one park unless that park is the only one using a particular fund. Information can be displayed at the fund level, not at the division level.

Q: Is the website updated constantly?

A: Once a month.

Q: Is it year to date?

A: When the website comes up it will have fiscal years 2009 and 2010 and fiscal year to date for fiscal year 2011 which will probably be through September or October of 2010. We plan on going live with the website the first week in December. We are still working out a few things.

Q: Is there going to be a link of where to call for each agency if there are questions regarding the information displayed on the transparency website?

A: We are still working out those details. For now the questions will come to GAO. In talking with other states, they don't get that many inquiries for info on their transparency websites.

Q: Cash only transactions are not displayed on the website correct? Transactions with no comptroller objects?

A: Right now only revenues and expenditures are going to be displayed on the transparency website. Down the road we may look at items that are posted straight to a general ledger account.

Q: Operating transfers in and out will be displayed?

A: Yes.

Q: All of the sweeps and cash transfer back fills will be shown?

A: Yes. For example if someone wants to see how much money was swept out of your fund last year, it will be there. Also if you pay a vendor using the incorrect comptroller object and you correct it with a transfer, the transfer will show the reduction in one comptroller object and the increase in another. The original transaction will still show as the incorrect comptroller object.

Q: If you have one fund with multiple accounts and you have a transaction processing and hitting those multiple accounts, will each individual transaction show for each index and PCA?

A: The information will be by fund. The detail will have the different transactions hitting the different indexes. The detail will have information all the way down to the sequence.

Future Agenda Items
Emphasis on Electronic ACH Payments
NSF & Favorable/ Unfavorable Deposits Cleanup Project
3% Withhold

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

Meeting adjourned at 3:58 p.m.

The next meeting is scheduled for Tuesday, November 23, 2010, at 2:00 p.m. in the General Accounting Office.