

**Large Agency  
Chief Financial Officers Meeting Minutes**  
October 27, 2009

**PARTICIPANTS:**

Tom Marshall, DCA  
Tim Newton, DEA  
Karen Johnson, DEA  
Craig Rudolph, DTA  
Steven Race, EDA  
Mike Clark, EVA  
John Moorman, HCA  
John Lake, HSA  
Chuck LeBlanc, PSA  
Nancy Bennett, RTA  
Reed Spangler, RVA  
Lihua Li, WCA  
Clark Partridge, ADA/GAO  
Mike Smarik, ADA/GAO  
Anita Kleinman, ADA/GAO  
Joanna, Greenaway ADA/GAO  
Shannon Landis, ADA/GAO  
Jennifer Verhelst, ADA/GAO  
Jaimie Soulvie, ADA/GAO  
Stu Wilbur, ADA/GAO  
Tami Eckloff, ADA/GAO  
Tiffany Franks, ADA/GAO  
Shannon Landis, ADA/GAO  
Aaron Sandeen, GVA/GOER  
Matt Hanson, GVA/GOER

***ITEMS COVERED***

*Mike Smarik – Welcome & Introductions*

**American Recovery Reinvestment Act (ARRA) Section 1512 Reporting  
Recap – Aaron Sandeen**

Aaron gave a presentation on the 1512 reporting for ARRA. The American Recovery and Reinvestment Act (ARRA) was enacted February 17, 2009. The reporting is cumulative from February 17<sup>th</sup> forward. There are no waivers for the reporting. Non compliance is a violation of the award. Transparency is key in this reporting. The two public websites where the information will be reported are [www.recovery.gov](http://www.recovery.gov) and [www.azrecovery.gov](http://www.azrecovery.gov). Another key to the 1512 reporting is the impact of the monies. Who is receiving the monies? How much money are they receiving? What projects and activities are being funded through this?

What is the status of those activities? What type of impact have the monies had on job creation and retention?

The ARRA Core Team is still working on getting clarification on some of the reporting requirements. The group has been meeting weekly with agencies receiving ARRA monies to cover all data elements. The State of Arizona is using a centralized approach for reporting based on the wishes of the Governor. We will have a single reporting factor including higher education. 434 different reports have been submitted for 18 different prime recipients including the universities. There were seven different data sources used for the reporting. There were 11,313.44 jobs reported as full time equivalents. There is a formula to calculate the full time equivalents. There has been \$2.1 billion awarded to the State. The total amount received for this reporting period is \$666 million and total disbursed is \$550 million. Aaron believes the amount awarded and the number of job reported may change.

A Microsoft (MS) Stimulus 360 solution has been selected as the ARRA reporting solution. It is built off of a SQL server, Microsoft Dynamic CRM and Sharepoint. Aaron provided a brief demonstration of MS Stimulus 360. Information which resides in the reporting solution will be loaded onto the websites previously mentioned. It will be difficult to compare state to state due to the complexity of the reporting and the different interpretations. We will be going through the reporting process starting the first of the month after each quarter.

Clark added that things went well for the first time. There are things that need to be fixed and we will be working on them but a lot of people did a lot of great things in this process.

**Q:** How is the .5% administrative fee going to be assessed?

**A:** Our proposal is under review by the federal government. Maybe by the end of this week we will hear something.

**Q:** While you are waiting for final approval, have you talked about how this is going to work?

**A:** We have a spreadsheet for a tentative game plan based on some preliminary conversations based on costs and allocations based on award amounts. We already know what agencies and programs would be charged. It averaged out to just under .5%. We want most of the dollars to go to the programs. We will have to wait for final approval.

### **US Bank Travel Card Liability Waiver – Tiffany Franks**

Technical Bulletin 08-02 discusses cancelling the travel card when an employee leaves State service. We will be updating the Technical Bulletin with the instructions to have a written waiver given to the employee and a copy retained

on file. We will provide a template of this waiver. The template will be posted on the GAO website. The waiver is to state that the rights to using the card have ended and that the balance needs to be paid in full. Keep a copy of the letter with your TC101 form. This waiver is required by US Bank for the liability waiver program. You just have to send the employee the waiver. There is nothing for the employee to sign.

**Q:** An employee had their card cancelled for non payment or slow payment, whichever. The employee is saying they have talked to someone at US Bank that told them they could have their card turned back on if an administrator would ask.

**A:** We have been told by US Bank, especially if the debt has not been paid, that a card that is inactivated will not be reactivated. We have not seen a card that had a balance written off be reactivated by US Bank. We do have the right to ask, but they have the right to deny us.

**Q:** But there are different levels of suspension. There is a temporary suspension. Some cards have been inactivated due to non payment and once the balance is paid, they are turned back on again.

**A:** If the employee is going to take care of the balance, we have no problem potentially turning the card back on. It may be for a lesser maximum balance than previously.

**Q:** With this new waiver requirement, are we required to send the waiver to an active employee that has had their card terminated for nonpayment?

**A:** No this is only when employees leave State service. US Bank needs to be notified immediately that the individual is no longer with the State and the employee is to be given the waiver.

**Q:** This may cause issues if an active employee's card is terminated and then they leave State service a year later, to us the card has been terminated a year ago.

**A:** If the card has been terminated due to nonpayment, it is terminated, the waiver for leaving State service would not be necessary. The waiver is only needed if we are shutting down the card and the employee is leaving State service.

### **Budget – Clark**

We are hearing there may be a special session in November if it can be worked out. They probably won't try to solve all the budget problems, only some but that can change quickly. We have all been through the 15% and 20% exercise. ADOA's has been posted to the website. This exercise is a what if scenario.

Sometimes employees see things posted and automatically assume that is what is going to happen. This exercise was every agency's best guess as to what could happen and the likely impacts if these cuts are implemented.

### **Internal Control – Clark**

We did the Internal Control Survey. We have been analyzing and following up on the responses received. A reminder that the primary purpose of the survey was to give you a reason to think through things and understand your operations. The survey is a tool for you to evaluate your operations. We will now be taking the survey to another level. Before we redo the survey, we would like your feedback. If there were things you liked or disliked about the survey, we would like your comments. Do you think it went too far? It didn't go far enough? Do you need us to resend it to you to refresh yourself with the survey?

We didn't want to redo the survey while everyone was busy with the budget exercise. We don't want to wait too long to go through things again. Soon the Legislature will be in session and everyone will be busy with other things. We do have some critical internal control issues that you need to be sensitive to, particularly when decisions are going to be made about laying off staff, changes to programs, changes to operations, changes to the way you function. Agency management needs to be looking at internal controls. Decisions should not be made without considering the impact to your internal controls. We are having increased issues with internal controls around the State. We want to reemphasize that you make sure you understand your internal controls, the importance of your internal controls and the impacts to your internal controls.

**Q:** Is this the same survey you sent before?

**A:** It will be an updated survey. We would like to get your feedback and update the survey and then send it out.

**Q:** I have an administrative input. Maybe I just didn't understand how to save it but every time I saved it and went back to it, it wasn't saved. It was blank and I had to start all over.

**A:** We had others with that problem. If your agency has a system that automatically sweeps cookies, your information was deleted. The cookies are what saves the information. One option is we can try to cut and paste the survey information into another format so you've got the document with the questions while you are working on answering them and then fill it out in the survey all at one time. Another option is to answer the survey on a laptop that is not connected to your network.

**Q:** We just ended up printing it, filling it out by hand and then typing in the information all at once.

**A:** That will work. We have not found anything on our side that would prevent your cookies from being swept.

**Q:** At least if the questions could be in a different format. Last time we had to print 150 pages of the survey and then divvy them up. We have no problem entering it all at one time when we are done.

**A:** That was one thing we found last year was that we need to try to break it up into segments so that you didn't have to try to do the whole thing at one time. We will look at possibly breaking it up into multiple surveys so you can check on which portion(s) of the survey you have completed.

**Q:** We will have to go back and discuss it but it seems like when we were going through it the last time, it would have been better to answer some of the sections at a division level and other sections at more of an umbrella level.

**A:** If you want to take a look at the survey, please return your feedback by mid November. We will process the feedback and then send the survey out the end of November, 1<sup>st</sup> week of December requesting a return by the mid to end of January.

We will then start prioritizing. There are some agencies that did not return a survey the last time. We are getting ready to share the results with the Auditor General. It is a concern to them on an internal control environment if an agency did not return a survey. Some completed the survey but did not complete the certification that was supposed to go with the survey which is another risk factor.

**Q:** What was the certification?

**A:** The certification that was attached to the email with the survey that was supposed to be signed by the director and the agency's CFO that was mailed separately back to GAO. A lot of agencies did not complete the certification. We tried to actively pursue those that did not turn the certification in but with everything else going on, we decided to let agency's assessment be the primary objective and pull back on demanding the certification. Now this time we need to step it up. The Auditor General will be asking us what we did to obtain the certification.

**Q:** The certification was a little confusing. I'll have to check to see if one was submitted for our agency. By the time the email got forwarded to different people for responses, I'm not sure if the certification was sent.

**A:** We can go back and revisit that and make sure there are clear communications on the submission of the certification. Again, any questions you may have, things that weren't quite clear or questions you received from your divisions, we can try to clarify some of those things.

If you have comments on the survey, you can send them in to [gaopolicy@azdoa.gov](mailto:gaopolicy@azdoa.gov). Please send comments in by November 27<sup>th</sup>. We will then send the revised survey out to you by December 4<sup>th</sup> requesting a return by January 29<sup>th</sup>.

### **Payroll Card – Clark**

We are still waiting for final approval to move forward with the payroll card.

### **Issues, Concerns, Questions?**

#### **Business Continuity – Greg Vokoun**

We are working on solidifying our Business Continuity Plan. Part of this planning is how we will produce necessary vendor warrants if AFIS is unavailable? How will we deal with manual production? How will we deal with triage? How will we produce warrants that cover human endangerment, public safety, imperilment of State assets, legal and contractual obligations, other things that you may have in mind, etc.

What we are asking for you to do between now and November 13<sup>th</sup>, is provide information for SWAGS, Statistically Warranted Analytical Generation of ideas. If anybody spends more than half an hour on this exercise, you are spending too much. We are looking for the number of disbursements and the combined dollar volume that have to be produced within 5, 10 or 15 days. This exercise is part of our Business Continuity Plan to ensure that the GAO is prepared to provide the type of service, or some level of the service, that we need to provide you.

We will send you the exercise via email but again, it should take no more than 30 minutes for you to complete. This is a high level view. This will be a first approximation to determine the type of resources we will need. This exercise will not include payroll warrants, those will be dealt with separately.

**Q:** The last meeting you mentioned updates to the accounting manual regarding GASB 51. Have these been completed?

**A:** The last month GAO has been working on ARRA, budget and numerous other things. Unfortunately the accounting manual update review has had to wait. We did make some things easier to understand. If you have any immediate questions, contact Greg Vokoun at [Gregory.Vokoun@azdoa.gov](mailto:Gregory.Vokoun@azdoa.gov). He will do what he can to help you out, possibly sending you a draft of the information if necessary.

**Q:** The State Transparency project, you came out and issued your report talking about relying on AFIS, what about the agencies that are going to have to feed into the system?

**A:** We will be chatting with you in the coming weeks.

**Q:** Okay. Who is our contact person?

**A:** Joanna Greenaway. Joanna will be setting up a meeting. It is somewhat by invitation. This meeting will help some of you around the table. If the information is questionable regarding HIPPA or other confidentiality, it probably won't make the first cut. We'll have to talk through these issues and make sure we have a good rationale for what is included or excluded. Start getting your thoughts and ideas together. The meeting should be held in November some time during the week of the 16<sup>th</sup> through 20<sup>th</sup>. We want to give you some deference as to whether you want to be part of the first phase or not. We have some flexibility built into the model we have constructed. We are going to focus on AFIS first, but we are not going to do this with the risk of excluding other agencies with other systems. We do not want to put you under a microscope with the tight timeframes. We still have over a year, until January 2011, to complete this project.

We'll replicate the success we had with ARRA in pulling information in from other systems. We are thinking of keeping some of the agencies information at a high level in phase I and work toward more detail in phase II. We don't know at this point which agencies will be involved in this initial meeting. It will probably be the agencies that we can anticipate bringing things in from other systems for the first cut. The second cut will be those agencies with privacy issues.

### **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 3:40 p.m.

The next meeting is scheduled for Tuesday, November 24, 2009, at 2:00 p.m. in the General Accounting Office.