

**Large Agency
Chief Financial Officers Meeting Minutes**
October 28, 2008

PARTICIPANTS:

Paul Nicola, DCA
Tim Newton, DEA
Steven Pawlowski, DEA
Jim Humble, HSA
David Plummer, DJA
Chuck Le Blanc, PSA
Reed Spangler, RVA
Tom MacConnel, RVA
Craig Rudolph, DTA
Lihua Li, WCA
David Medina, TXA
Mark Carroll, SDA
Joan Thompson, LAA
Clark Partridge, DOA/GAO
Jan Sharon-Strieby, DOA/GAO
Angela Dillard, DOA/GAO
Jaimie Soulvie, DOA/GAO
Stu Wilbur, DOA/GAO
Tami Eckloff, DOA/GAO
Joanna Greenaway, DOA/GAO
Shannon Landis, DOA/GAO
Anita Kleinman, DOA/GAO

ITEMS COVERED

Clark Partridge – Welcome & Introductions

Payroll Card

The Bank of America Cash Pay/Payroll Card project is moving along nicely. Details on requesting and distributing the cards have not been decided. The GAO is currently piloting the cash pay cards with very successful results. The cash pay card can be utilized like a VISA or as a debit card. It is a very good alternate option for employees who do not have a regular bank account for direct deposit. Final approval will need to be obtained.

Q: Is it possible that B of A can garnish or attach wages to the pay card account?

A: Yes, if an employee owes money to the bank. Anyone has the opportunity to garnish wages of an employee, if they know where they work.

Q: Is the intent of the program to use the cash pay card as a stepping stone to

eliminate the distribution of paper payroll warrants?

A: Yes, this will help broaden the options. This option gives unbanked employees access to cash without paying to have payroll warrant(s) cashed. Employees will receive statements of their account to help track their expenditures if they so choose.

Q: What would be the incentive for the employee to do this instead of going to a bank and opening their own account?

A: The State would like employees to go to the bank and open their own accounts. Some employees do not qualify to open a bank account or cannot qualify for a credit card. Employees are losing a lot of money out of pocket by going to check cashing businesses to cash payroll warrants.

Q: If employees go to B of A, could they open up the same type of account or a similar account?

A: They probably could, but it may not be as good of a deal as the State has negotiated with B of A on waiving access fees. Several options will allow the employee to obtain their money without a fee. If the options are used excessively there may be additional fees associated with the transactions. There are several options by which the employee can obtain their money without a fee. For example, going to a merchant and asking for cash back with the purchase will not require a fee. An employee can go to the ATM or B of A Bank Teller a certain number of times per month without a fee.

Q: Does the pilot include any “bankerphobic” employees?

A: No, currently the pilot consists of GAO employees who are not “bankerphobic”. The pilot will be expanded to other agencies/employees before the program is deployed statewide. If any other agency has anyone who is interested in piloting the cash pay payroll card, they can contact Stu Wilbur. The Governor’s website listed the “Top Five Ways to Save Money” and one of them is for employees to get on direct deposit.

Q: Do bad credit or low credit scores come into play?

A: No, a special card account is established with B of A that does not require credit verification.

Q: Can an employee have a card loaded from another bank?

A: No, that is not an option. If the employee has a bank account number then we can deposit their payroll to that account. The employee has to be the owner of the bank account.

Internal Controls

There were some findings from the Auditor General’s Office on internal controls. The GAO is getting close to sending out a survey tool and setting up meetings on internal controls which will include environmental issues. The survey will be more general than a Sarbanes-Oxley internal control tool survey. The survey

should not be overly demanding on an agency's time or staff resources. Agency management will be able to review, assess and provide representation on their agency's internal controls. With the new policies, agency management will need to ensure fraud is reported correctly. Clark suggests that the agency heads or those who are responsible for administration in the agency are involved in the process.

Q: Is that information going to be conveyed to the cabinet level?

A: Yes, part of our game plan is to try and roll out the certification to enhance awareness, either through an interagency cabinet or a cabinet meeting as an educational item. The GAO will require an approval from Bill Bell before certain actions are taken. The GAO may have a series of open house presentations or meetings on general internal control information with a question and answer discussion for key agency contacts. Clark asked the agency representatives to focus on key internal controls to help mediate risks.

Q: What about CFO representatives, are they going to be able to receive the same information?

A: Yes, the GAO will be presenting the information to the CFO representative first. The information should be ready to present to the CFO representatives during the next CFO Meetings in November. Other meetings will be established for other agency personnel to participate at a later date.

Q: Would you be interested in doing presentations for agency executive teams?

A: Yes, absolutely; we can also give the presentation to the CFO representatives and the CFO representatives can give it. The presentation contains basic internal control information. Auditors spend less time with agencies that have good, effective and documented internal controls. Documenting internal controls can also help with an agency's business processes, disaster recovery, and other agency initiatives.

NSF and Favorable/Unfavorable Deposits Cleanup Project

The NSF and Favorable/Unfavorable Deposits Cleanup Project is an ongoing project and will be on the agenda as a reminder for the agencies to focus on resolving the most current issues first. The AFIS liaisons have not had much time to contact all of the agencies.

Upcoming Audio Conferences

Clark asked the CFO representatives if they have any feedback on the CPE presentations that the GAO has been hosting and if they have a list of topics they would like to have discussed to let him know.

The GAO has scheduled the following audio conferences with CPE available:

**November 12, 2008 at 12:00 p.m., Internal Controls presented at the GAO

**January 12, 2009 at 8:00 a.m. presented at the Arizona Department of Military and Emergency Affairs (DEMA), Ethics Class for Arizona CPAs

Agency employees interested in attending the ASCPA Ethics Class for Arizona CPAs at the DEMA location will need to register in STARS. The \$63.00 registration payment will need to be made out to ASCPA and the payment will need to be sent directly to Sherry Gates in the GAO. Clark asked the representatives to ensure their agency's registration payment(s) is received in the GAO by January 2nd. For more information please view the October 7, 2008 webstory on the GAO Website.

Q: Why is the ethics class scheduled in January?

A: The Auditor General's Office is the one who originally scheduled the date. The class is offered every two years and it is a two-year requirement for CPAs. They have it in January to keep it consistent. The class is away from fiscal year end which makes it easier for most of the State CPAs to attend.

Process for Single Audit Findings

Anita Kleinman mentioned that some of the Federal agencies have been contacting State agencies directly concerning the Single Audit Findings. The audit findings are to be funneled through one point of contact which is the GAO. If your agency is contacted by a Federal agency concerning the findings Anita is requesting that the State agency contact the GAO Federal Group at (602) 542-6249 or herself at (602) 542-2216. The GAO can help the State agency with the response(s) to ensure the correct process is being followed.

Q: When an agency has individual major program findings, does the agency still have to coordinate with the GAO?

A: The GAO usually sees them as part of the findings and the questioned costs. Some of them are just corrective actions which we do not need to see unless there is money involved. If there is ever payment of money involved be sure to contact the GAO. Some items the GAO just needs to be made aware of by providing a copy to the GAO.

Q: Can you give me some background perspective on the webstory talking about needing to have all of the federal grants flowing through Fund 2000?

A: We are aware that there are a lot of agencies that are flowing federal dollars through other funds that are allowed by statute to receive federal dollars. The webstory was issued to help the GAO identify what and where all the exceptions are located. When it comes to looking at federal dollars, the GAO checks Fund 2000, as we are not aware of all the other funds agencies may be utilizing. If your agency is funneling federal dollars through a fund other than 2000, please contact the GAO Federal Group so they are aware of the exception. Some larger agencies are providing CFDA information to the Auditor General's Office and the GAO is aware of the CFDA information. The issue is more with smaller agencies where the Federal Group is relying on AFIS to gather the information to identify potential issues or concerns.

Internal Audit Meeting with Agencies

Jaimie Soulvie will be scheduling the next Internal Audit Meeting in November. Clark asked the CFO representatives to forward any agenda topics or suggestions for discussions to Jaimie.

Budget

There has been an increase in awareness of the difficulties with the budget. Agencies will need to try and control spending as it will be getting harder to allocate resources towards the end of the fiscal year.

Anita Kleinman mentioned that she just received an update on what is outstanding for the last Feed Bill, especially the sections where there are reductions in the general fund appropriations. The GAO has been trying to push to get them all loaded by the end of October. If your agency is one that needs to provide the GAO with the reduction information we ask that you submit them as soon as possible. There are also some back of the bill loads that are being processed, some of them are increases and some are decreases.

Q: We were originally given incorrect information on the Feed Bill and went through one set of reductions which were incorrect. GAO informed the agency that the adjustment has to be approved by OSPB.

A: The adjustment has to be in accordance with the law. What the agency has to do is go through the process of adjusting and coordinate with the GAO to avoid a double adjustment.

Issues, Concerns, Questions

No other issues were discussed.

Future Agenda Items

Emphasis on Electronic ACH Payments

Travel & Expense Management Sub-System – waiting for HRIS upgrade

Federal Transparency Act – more information available January 2009

State Transparency Project – GAO working on setting up meetings with agencies with separate accounting systems to understand issues

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

Meeting adjourned at 3:06 p.m.

The next meeting is scheduled for Tuesday, November 25, 2008, at 2:00 p.m. in the General Accounting Office.