

**Small & Medium Agency
Chief Financial Officers Meeting Minutes**
November 21, 2006

PARTICIPANTS:

Sandy Clancy, DOA/TPO
Megan Darian, DOA/SBO
Debb Pearson, APA
Julie McKnight, AUA
Lizette Morgan, GFA
Bob Savage, GFA
Jeff Hessenius, GTA
Denise Goode, HUA
Glen Hurd, ICA
Scott Greenberg, IDA
Kenneth Bell, JCA
Sharon Gulden, LDA
Richard Bichanich, PRA
Clark Partridge, DOA/GAO
Mike Smarik, DOA/GAO
Jan Sharon-Strieby, DOA/GAO
Angela Dillard, DOA/GAO
Larry Adams, DOA/GAO
Shannon Landis, DOA/GAO
Joanna Greenaway, ADOA/GAO
Kjell Anderson, DOA/GAO
Donna Cornella, DOA/GAO

ITEMS COVERED

Clark Partridge – Welcome & Introductions

TPO – Sandy Clancy

Sandy Clancy from the ADOA/TPO gave a telecommunications update. The FY 2008 telecommunications rate structure has been approved by the JLBC. The rates will be the same for FY 2008 as they are for FY 2007. The first year contract rates have been held steady allowing the State to reinvest funds back into the network. 75% of the upgrades have been completed in the capitol mall and Tucson areas. AZNet will continue upgrading the telecommunications network. AZNet is on track with a statewide consolidated network. If anyone has any telecommunications concerns, please contact Sandy Clancy by e-mail at sandy.clancy@azdoa.gov .

Travel Card Update

**There has not been any change with the travel card contract negotiations. American Express's attorneys have not resolved the contract language. American Express wants to provide a travel card option to State employees without doing a full credit check. This could possibly eliminate most of the travel advances.

**One of our goals is to use the travel card for travel and the P-card for purchases other than travel. The GAO will start working on next year's contract RFP.

Travel Policy – Travel Rates Approved

Last week, the JLBC approved new State travel reimbursement rates effective November 15, 2006. An e-mail was distributed on November 17, 2006 to notify the agencies of the revisions for travel reimbursement rates for lodging, meals and incidentals (M&IEs), and private vehicle mileage. The mileage reimbursement rate increased to 44.5 cents per mile. At this time, the State has adopted the federal lodging rates. If the federal rates change in the future, the State rates will not increase without the JLBC approval. The JLBC has to approve all travel rate increases.

Travel System

Next month, the GAO will host two meetings with agencies to refine agencies' needs for all types of travel and introduce a conceptual design of the new Travel Management System. A pilot travel management system will hopefully be ready by August of 2007. The system will be workflow driven and web-based. Along with the design of the new system, travel policies may also be modified for simplification.

Calendar Year-End Payroll Meeting – November 29, 2006

On Wednesday, November 29th, the General Accounting Office will hold two meetings to discuss year-end payroll processing. There will be two sessions, one at 9:00 a.m. and one at 1:30 p.m. The meetings will be held in the Department of Administration at 100 N. 15th Ave, Conference Rooms 300 A, B, and C. To reserve a seat for one of the two meetings, please e-mail Sherry Gates at sherry.gates@azdoa.gov. If you have any questions, please contact Mike Smarik at mike.smarik@azdoa.gov.

W-2s – New Vendor

A new vendor contract has been awarded to print and distribute the W-2s for 2006. The new vendor is located in Phoenix, unlike the previous vendor who was out-of-state. The format of the W-2s will be different than the last two years; the format will be four up which is IRS approved. The W-2s will be sent in a standard envelope with a blank sheet containing the address for improved security.

AFIS Calendar Year-End

**Vendor File – For those agencies who maintain their vendor file, when preparing for calendar year end, make sure that your vendor file has the vendor's correct information. A report will be sent to the agencies to review after December 31. Please review the report, make appropriate corrections, and send it back to the GAO as soon as possible.

**1099s – The same vendor who is printing the W-2s will be used to print the 1099s this year. The cost to outsource the printing is about the same as doing them in-house.

**AFIS Modification – A new modification was done to match the AFIS vendor records against Spirit's records for the MBE/WBE codes. If the vendor is in both systems, the AFIS MBE/WBE codes are being updated with the Spirit records. The fiscal year-end report should be more accurate with the new modification, and the report will provide better management data for the agencies to utilize.

Internal Controls

During last month's CFO meeting, internal controls were discussed and the Code of Conduct was reviewed from an ethics perspective. Ethics and internal controls need to be looked at from all operational aspects of an agency. Each agency has its own unique circumstances with internal controls and it is important to have good internal controls in place. Each agency needs to look at its internal controls and evaluate them to see if they can be improved. In some instances, business processes may need to be changed to improve internal controls.

Other states may be interested in collaborating on an internal control system. If we are going to start examining business processes and adopting best practices, internal controls need to be considered. There are better ways out there to do business than what we are currently doing. This can give an agency more control, comfort and confidence when good and effective internal controls are in place. Think about and talk to your program people to determine "What can be done?", "How can we do business better?", "What the opportunities are for change?"

Issues, Concerns, Questions

**Mike Smarik briefly discussed Federal Excise Tax refunds.

**If an agency would like to do a presentation, please contact Clark.

**Clark discussed an Enterprise Fund, what it can be used for and how it can be used.

**Larry Adams is available to do a fraud presentation possibly in a future CFO meeting or as a separate meeting for the agencies.

**The budget request to replace AFIS has been submitted for four million dollars. The Executive or Legislative budget is not out yet. The Executive budget may be ready by January and then hopefully a JLBC recommendation shortly after that. An RFI has not been done at this time.

Future Agenda Items

Payroll Card

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

Meeting adjourned at 3:10 p.m.

The next meeting is scheduled for Tuesday, January 23, 2007 at 2:00 p.m. in the General Accounting Office.