

**Large Agency
Chief Financial Officers Meeting Minutes
November 28, 2006**

PARTICIPANTS:

Sandy Clancy, DOA/TPO
Pat Mah, DOA/TPO
Judith Kilgus, DCA
Joe Whitmer, DOA
John Moorman, HCA
Craig Dunlap, HSA
Kim Smith, DJA
Chuck LeBlanc, PSA
Sally Escarcega, RVA
Tom MacConnel, RVA
Craig Rudolph, DTA
Syndia Reeder, WCA
Antonio Sotelo, LAA
Deb Ludington, VSA
Clark Partridge, DOA/GAO
Jan Sharon-Strieby, DOA/GAO
Angela Dillard, DOA/GAO
Shannon Landis, DOA/GAO
Mike Smarik, DOA/GAO
Joanna Greenaway, 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. The billing has been going smoother since the enhancements were done in July.**

****A question came up concerning the delay in converting the agencies long distance carrier from MCI to a carrier on contract. The agency was billed full rates by MCI. MCI is not on State contract. Sandy will check with MCI to see if they can resolve the difference in rates.**

****If anyone has any telecommunications concerns, please contact Sandy Clancy by e-mail at sandy.clancy@azdoa.gov .**

ADOA Awards

Pat Mah was awarded the FY 2006 ADOA Employee of the Year. From the GAO Mohammad Khaksari received the FY 2006 ADOA Career Excellence award and Anita Kleinman received the FY 2006 ADOA Supervisor of the Year award. Congratulations to all!

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 current contract expires in February 2008. The GAO will start working on the new contract RFP.

Travel Policy – Travel Rates Approved

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. At this time, the M&IEs are \$5.00 less than the federal rate; \$3.00 of which is for incidentals such as, cab fares, shuttles, and tips which the State of Arizona does not cover. 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.

**The only question the JLBC had was where the break even point is on using the motor pool instead of private mileage.

**The GAO will be working on simplifying the travel policy while working on the new travel system. The same day meal allowance will be one of the policies changing in the near future. All options are being considered.

**An agency has the option to adjust the travel policy to be *more restrictive* except on mileage reimbursement. An agency can also request meal receipts for verification purposes, but the agency needs to make sure there is a cost-benefit in processing and tracking the receipts. An agency has the option to change the in-state meal reimbursement to \$34.00 in its own agency policy instead of using the new approved in-state rates to help contain travel costs. There are five locations in the State with higher M&IEs than the default rate.

**If you have information or issues concerning the travel policy, please contact Angela Dillard at angela.dillard@azdoa.gov .

Travel System

The GAO will host a travel system meeting for the large agencies on Wednesday, December 6th at 10:00 a.m. The meeting will help 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

Tomorrow, 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. 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. The W-2s will be mailed directly to the employee's home address. Please remind your employees to check the Y.E.S. website to validate their home address throughout the year. A payroll stuffer will be distributed next week to remind employees to verify their home address.

AFIS Calendar Year-End

****Vendor File** – For those agencies who maintain their vendor own 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** – (The following item was reviewed in the Small/Medium meeting held on November 21.) 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.

Issues, Concerns, Questions

****Credit card refunds** were discussed. Documentation is required to note what efforts

were made to attempt to resolve the issue.

** Mike Smarik briefly discussed Federal Excise Tax refunds. If an agency is expecting a refund they need to make sure they send a copy to the GAO Payroll group when they file so when a check is received it can be sent to the correct agency.

**Each agency needs to go back and look at its independent contractors to ensure they are being treated as independent contractors.

Future Agenda Items

Payroll Card.

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

Meeting adjourned at 3:08 p.m.

The next meeting is scheduled for Tuesday, January 30, 2007 at 2:00 p.m. in the General Accounting Office.