

**Large Agency
Chief Financial Officers Meeting Minutes
November 30, 2010**

PARTICIPANTS:

Brian St. Andre ADA
Cheryl Toone, ADA/Risk
Karen Johnson, DEA
Tim Newton, DEA
Li Li, DJA
Craig Rudolph, DTA
Steven Race, EDA
Mike Clark, EVA
John Moorman, HCA
John Lake, HSA
Chuck LeBlanc, PSA
Reed Spangler, RVA
Lihua Li, WCA
Clark Partridge, ADA/GAO
Mike Smarik, ADA/GAO
Angela Dillard, ADA/GAO
Anita Kleinman, ADA/GAO
Joanna Greenaway, ADA/GAO
Stu Wilbur, ADA/GAO
Tami Eckloff, ADA/GAO

ITEMS COVERED

Clark Partridge – Welcome

Federal Funding Accountability and Transparency Act (FFATA)

Today is the due date for reporting for FFATA for October activity. We have not heard of anyone that needed to report. There are federal agencies calling regarding FFATA telling people that they have to report and what they have to report. You only need to report if you have sub awards and sub award information. There are some federal agencies that are sending the message that agencies have to report all of their federal grant activity.

Clark had a conversation with ASU, they are not finding anything that they need to report at this time. Clark has not spoken to NAU or U of A yet. We would like to provide better support to you but at this point we still don't have a lot of information.

We will be sending out a web story later this week asking if you have reported, let us know and secondly, if you have questions, let us know the specifics on the

questions so we can get clarification. Per the technical bulletin we are to be provided a copy of what is reported. But also if you looked at it and there was nothing to report, let us know so we know it was looked at.

Federal Offsets – Clark Partridge & Anita Kleinman

The State has paid in what the Department of Health and Human Services (DHHS) said was due to them. Due to the timing of when DHHS received their money from the US Treasury, DHHS kept submitting information that an amount was still owed. The State of Arizona has now overpaid. We are still waiting for detail from the feds on how much is due back to us. We do not want to pay any more, including interest, than what was due on the day we paid.

Once we have all the offset information resolved, then it will be up to the Legislature on how they will resolve the issue of the agencies that had funds offset. Agencies need to continue to work with their OSPB analyst. Make sure they are aware of the situation.

Q: When you start getting the money back, do you know how you will roll it back to the agencies?

A: We do not know yet. There are several approaches. One way is to look at those grants that were charged after our debt had been paid. Another way is to look at which program has the biggest pain from being offset. We may not even have a choice in the matter if the feds decide to reverse the offsets for the grants that were hit after the debt was satisfied.

There are still a few offsets that we do not know which agency they belong to. Please make sure you double check with your program people to make sure all draws have been accounted for. Most of them are small numbers, several hundred dollars.

Office of Foreign Asset Control (OFAC) – Angela Dillard

We are still working on finalizing our procedures for checking any payments against the OFAC list to ensure we are not making payments to known terrorists or terrorist supporters. We have been working with the vendor Lexis Nexis to upload our information to match against their database. We did the initial match against the vendor file. Out of 50,000 vendors we got over 2,000 hits. A lot of them were duplicates. We are working with the vendor to analyze the matches. Once we get the vendor file analyzed, we will move on to payments made using TC825s, TC826s, etc. At that point you may be contacted if you make a lot of these types of payments.

Q: Are you working with SPO and giving them that list so contractors are not on the list?

A: SPO is looking at handling this through ProcureAZ.

1099s – Angela Dillard

We are working on the B Notices for the 2009 1099s. The B Notices are getting increasingly difficult. Every time there is a B Notice, the feds want to charge a \$50 fine which is going to increase after this tax year. In the past the feds just sent a list with the instructions to correct the items. Due to the fines, we have to be stricter with the vendor information. With ProcureAZ if the names do not match, the information cannot come across to AFIS.

For the 2010 1099s, we will be starting that process soon. The first part of January the DAFR report 953U will be out for agency review and corrections. The memo and the web story will be coming out soon.

3% Withhold – Clark Partridge

The 3% withhold project is related to the vendors and tax payments. We received some good information on one of the last conference calls we had with the feds. We received some clarification, but we still do not have final guidance. We should receive something final after the end of the calendar year. We are now 13 months away from having to comply. For large agencies, especially those with your own systems that make payments, we need to start coordinating fairly quickly after the end of the calendar year. We are hoping a lot of the payments to or for an individual are exempted.

Q: Where are the regulations we could look at now to see if we may be exempted?

A: This is a draft proposal, these are not the final regs. There is also the interpretation of the regs. From discussions we have had with the feds and other states, if a payment is made directly to an individual or to a provider for and on behalf of an individual receiving financial assistance but only for programs that are income based, not age based. If it is an age based program it is not exempt. An income based eligibility program will qualify for the exemption.

Q: That is how you are exempted?

A: Payments to third parties are also exempt if they fall under that category that they are made for the purpose of an assistance program that is based on need or income. For example, in DES if there are programs that are simply for children, we could have a problem. But if it is a program for children that is need based, that is what we are hoping will throw it into the exempt category.

The regulations came out in the Federal Register dated December 5, 2008. These are proposed regulations that have been out for two years. We are 13 months away from go live and they still have not finalized the regs.

Q: So there aren't any final rules?

A: No. The comment period ended in March, 2009 and they still haven't come out with the final regulation. ARRA extended the implementation date.

Q: So if you have a needs or income based program and you are making payments to or for an individual you are exempt?

A: Yes, this may take care of all of AHCCCS. DES will have a mixed bag.

Payments to Employees – All thru HRIS – Stu Wilbur

We are continuing to work on this project which will address all payments made to employees. We are attempting to have all payments paid through HRIS. The current proposal that will go to Clark is the 18 most common pay codes we received via feed back from the agencies. We are looking at how they will be mapped into AFIS. We are looking at an employee reimbursement job role to be added which will be similar to the travel reimbursement job role. Our target is still January 1. It will be a lot cleaner if we can have this implemented by January 1. If you feel you may have an issue hitting the January 1 implementation, please contact us.

Payroll – Calendar Year End – Stu Wilbur

The calendar year end memo has been published and is on the web site. The year end meetings were last Monday with the Payroll Managers. We posted some information on the payroll page of the website. The agenda and a PowerPoint presentation are there.

A couple of the most important issues:

The W2s for 2006 – 2009 are currently available online. W2Cs for this time period are also available online. We will be pushing back the mail date of the W2s towards the end of January. This will allow employees to go into YES and give their consent to allow an electronic only copy of their W2. The electronic copy will be posted online around January 10th. There are currently just over 4,000 employees that have given their consent for an electronic only copy of their W2.

For the last pay day of the year, the direct deposit file will go out as normal on Wednesday the 29th effective the 30th. Payroll warrants will be mailed directly from GAO on the 30th, just like we did last year. There has been a note on the warrant stubs the past couple of paydays to make sure the employees are updating their address before the mail out. The mail out is done to ensure employees have constructive receipt of their pay warrants before the end of the calendar year so it can be included on the 2010 W2.

Q: Is there going to be a change for the 3rd shift employees in the way they record their time?

A: We have found a number of employees in various agencies recording all 8 hours worked on the day they started working their shift. This is a problem for employees that work Friday night into Saturday. Their pay period actually ends at midnight on Friday. They will be getting prepaid for the hours worked on Saturday. These hours should be on the next pay period. We have put out information reminding groups with 3rd shift employees to make sure people are recording their hours on the days they actually worked. We have given a deadline of December 25th to make a transition for anyone recording 3rd shift incorrectly. We know there will be transition issues. Since they are currently being prepaid, they will be short once the change is made. We have been working with HR to make as many options as possible available to these employees, for example annual leave payout or if they have comp leave available, to have that paid out to fill in the gap. The employee could also work more hours if approved otherwise they will just be short for that payday. Employees will still be paid for the days and hours worked, but there will be a gap while this is being corrected.

This is a continuation of the project eliminating alternate work weeks. The work week ends Friday at midnight. Some employees were working work weeks that were never approved work weeks. We are trying to get everyone on the same page. Once the work week is all fixed, the implementation of Employee Time Entry (ETE) will be much smoother.

Reminder there will not be a meeting in December.

A web story will be coming out this week on the Relief Bill.

Q: Have we heard any more about the SWCAP approval?

A: We have heard the feds are done with their review but we have not seen the signed version yet. This is for the fiscal year 2010 SWCAP, not the 2011 SWCAP.

Q: We need to have the fiscal year 2010 SWCAP to do the fiscal year 2010 indirect cost proposal.

A: We have identified this as a priority with the feds.

Q: We are just going to use the draft amounts and let the feds know they are draft amounts.

A: That should be fine. From our knowledge and belief every issue has been resolved.

State Transparency Project – Joanna Greenaway

The transparency website is moving along. The targeted go live date is December 15th for the AFIS data. We will be signing off with the vendor today or tomorrow. Once we sign off, we will be sending you the link, the user ID and password to sign on to the website. The login information is not to be shared with anyone unless we approve it. We will send it out to the CFOs with an email and they can coordinate and view with whomever they want but the login information is not to be shared.

The day before go live we will be sharing the site with the media. This is going to be a very good site, but it will not necessarily be what everyone thinks it should be. We want to be able to manage expectations. It will have links to other information including the Master List and explanations of your programs and what you do. We are trying to give additional information for viewers to be able to put things in perspective.

Future Agenda Items

Emphasis on Electronic ACH Payments

NSF & Favorable/ Unfavorable Deposits Cleanup Project

Internal Controls – Effective & Efficient

3% Withhold

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

Meeting adjourned at 2:15 p.m.

The next meeting is scheduled for Tuesday, January 25, 2010, at 2:00 p.m. in the General Accounting Office.