

**Small & Medium Agency  
Chief Financial Officers Meeting Minutes**  
March 22, 2011

**PARTICIPANTS:**

Megan Darian, ADA/State Boards Office  
Michelle Brooks, ADA/CSB  
Biju Kamalesawaran, AGA  
Beth Mania, AHA  
Dena Dotson, EPA  
Tracy Schmidt, HDA  
Michael Hawthorne, ICA  
Ken Bell, JCA  
Sharon Gulden, LDA  
Dianna Claassen, MAA  
Esther Olivas, MIA  
Allen Imig, NCA  
Carol Graves, PIA  
Kim Stromberg, PIA  
Miryom Snyder, PRA  
Sandra Mengelkoch, PRA  
Nancy Bennett, RTA  
Rochelle Witharane, RTA  
Russ Levine, RTA  
Joan Jones, RVA  
Marcia West, TOA  
David Medina, TXA  
Cheryl Fraulob, UOA  
Renee Dudden, VSA  
Angela Dillard, ADA/GAO  
Joanna Greenaway, ADA/GAO  
Anita Kleinman, ADA/GAO  
Tami Eckloff, ADA/GAO  
Stu Wilbur, ADA/GAO  
Amy Aeppli, ADA/GAO  
Jennifer Verhelst, ADA/GAO  
Yesenia Mejia, ADA/GAO

***ITEMS COVERED***

*Tami Eckloff – Welcome & Introductions*

Clark, Mike and several of the managers are not here today. They are already attending meetings at the National Association of State Comptrollers (NASC) Conference.

### **Single Audit – Anita Kleinman**

This item was not on the original agenda but we wanted to recap the Single Audit findings with you especially those related to ARRA. We just wrapped up the Single Audit with the Auditor General's Office. The final draft should be coming through in the next couple of days. We will be timely in reporting this year. For those of you that had findings previously from your federal agencies due to late reporting, that will not be an issue this year.

The majority of agencies that had Single Audit findings this year had ARRA dollars. Once this report is received by the federal agencies, they will be turning around immediately and following up on the findings related to ARRA dollars. We need to make sure we are timely with our responses and that we are making progress in resolving the issues in the findings. We are anticipating hearing something from the federal agencies on these findings starting in mid to late April.

### **Microsoft Settlement – Anita Kleinman**

After the last CFO meeting quite a few agencies went and checked the web story regarding the Microsoft settlement. We have had questions coming in related to the Microsoft settlement. We appreciate you following up on this issue. The Attorney General's Office will be happy to see this issue resolved.

One of the questions that came up was in the web story we tell agencies that because it is a transfer from one agency to another agency, we are to treat it as an operating transfer out from the fund where the money currently resides at the Attorney General's Office and an operating transfer in to your fund. It will not be a reduction of expenditures transfer. It will be purely an operating transfer. If you are planning to make the Microsoft expenditures or are planning on making the expenditures out of an appropriated fund, we are suggesting you move the dollars into a non appropriated fund and then you can move the expenditures over to that fund so that you can get your appropriation back. There are a few agencies that the only fund they have is General Fund so if they do not bring the money in as an expenditure reduction they don't get any advantage out of this settlement.

If you find that you will not be making any Microsoft qualifying expenditures and therefore will not be using the money, let us know so we can work with the courts on perhaps reallocating the money. The AFIS liaisons will be following up with the agencies towards the latter part of April.

**Q:** If we have questions regarding what we should be receiving, who should we contact?

**A:** Your AFIS liaison can guide you to the web story. In the web story is the allocation of the settlement that we received from Microsoft. The allocation is based upon FTE count for each agency. You will see the dollars attributed to your agency. You can request the reimbursement of the settlement dollars.

If you have \$2,000 of expenditures but your allocation is less than that, if you let us know the full amount you may be able to recover more if there is a subsequent reallocation. At this point we cannot reimburse you for more than you actually expended.

**Q:** If we have well in excess of our allocated amount, can we send it all to you?

**A:** Yes, go ahead and send it all. You won't get reimbursed for all of it but if there is a subsequent reallocation, you may receive an additional amount.

### **DUNS Number Cleanup Update – Anita Kleinman**

We have about 50 state agencies that receive federal awards. The GAO policy is for each agency to have their own DUNS number, one unique DUNS number per agency. Some agencies have more than one DUNS number. This is appropriate if there is a business need.

The Data Collection form is part of the Single Audit. This form has a list of all of the DUNS numbers for the State of Arizona. The feds want this form to match the Dun and Bradstreet tree. We requested the tree. With the State of Arizona agencies including the three universities there were 1,511 different DUNS numbers. Since we have to report on all these numbers and get a lot of questions on these numbers we wanted to make the list be just the DUNS numbers that were actually being used. During this clean up process we learned that the DUNS numbers and the tree belong to Dun and Bradstreet. They have staff that regularly look for new offices that are opening up, not only governmental but all kinds of business offices. They create the DUNS number, the address and all the other information on the tree. When we said we don't want some of these numbers, their response was, they are not your numbers to remove. Dun and Bradstreet said we could remove from the DUNS tree those offices that are closed or were not legitimate offices. We have been sending the lists to the agencies and asking them to research to see if they are still legitimate offices. If they are not, then we can put in a request to have those numbers taken off the tree.

Some of the state agencies that are doing their filing with the federal government are getting a mismatch error with the DUNS number. It is because the Dun and Bradstreet tree is being shared with the federal government. The federal government wants to get to reporting on ARRA dollars by Congressional district. That might start to happen with all of the federal awards. That may be problematic when monies are received in the central office but expended at an outlying office. This will take some working through.

Has anyone had any issues with FFATA reporting? The answer was no. That is probably because most agencies are still working with awards that were issued prior to October 1, 2010. For the next award period, more and more of you will

find yourselves having to do FFATA reporting. We will probably have a refresher discussion at that time.

### **Federal Offsets – Anita Kleinman**

There were some agencies that were offset in their federal draws due to an amount of money the State of Arizona owed the federal government. We were offset above and beyond the amount we owed. There is an amount to be returned to the State. We have given the information to OSPB to make their recommendation based upon the agencies that were offset and their budget impact to decide who will be reimbursed for the overage amount. If you will be receiving a reimbursement, GAO will contact you directly.

### **Fund Sweeps – Anita Kleinman**

As mentioned in the previous CFO meetings we are trying to identify for the sweeps that have not happened already, are there going to be issues? Is the cash going to be available? If there are problems, if you need to make a transfer from one fund to the fund responsible for the sweep, we need to go through a process with OSPB and JLBC. We are pushing to get the transfers in. Clark has said if you have the cash and we know you have the cash, we will be taking it. We will work with you but we cannot wait until June 30<sup>th</sup> to process all the remaining sweeps.

### **Revolving Funds – Anita Kleinman**

Part of the Closing Package at the end of the fiscal year is the requirement that a revolving fund reconciliation is sent to the General Accounting Office. Every year in September and October we end up hounding the agencies to turn in the reconciliation. We still have some agencies that we still have not received the reconciliation. Clark is saying this needs to be turned in more timely. If you have already been contacted to get your reconciliation submitted, please get it turned in.

### **Agency Budgets – Tami Eckloff**

Reminder as Clark has said in prior CFO Meetings, if you are having any issues with your budget, you need to be speaking with your OSPB analyst and GAO as necessary. The sooner you coordinate with OSPB, the better the chance you can be helped. If you wait until the end of the fiscal year, it will be too late.

### **Fiscal Year End – Profile Rolls – Angela Dillard**

We hope to have the year end memo out within the next couple of weeks. The first of the year end jobs will be run the 15<sup>th</sup> of April which will be the profile roll. It will all be included in the year end memo with the calendar. We will have a year end information session in May. Last year there were two sessions. This year there will only be one. Most of the contacts at the agencies have not changed and have been through fiscal year end before. The announcement for the session will be done via a web story in the next week or two.

### **Cost Recovery Audit – Angela Dillard**

We have sent out a couple of web stories on this issue. This audit is per the Executive Order from the Governor's Office. We have hired an outside audit firm, a recovery audit specialist. We have an auditor on site who has identified some potential duplicate and over payments of invoices. If you have not been contacted already and your agency is part of the list the auditor has come up with, Paul Ruwald of GAO will be sending you an email letting you know the auditor will be requesting you to pull hard copies or electronic copies of documents. If you are contacted, please do your best to work with Paul and the auditor and get the information to them as timely as possible.

### **PCard/Travel Card Q & A Session – Angela Dillard**

We are putting together a Q & A session for PCard and Travel card usage on April 27<sup>th</sup>. It will be from 10:00 – 11:00 in the ADOA conference room 300. We will be sending out a web story on this session with registration information to register in YES. We felt it was time to have a refresher to go through questions agencies are having on PCard or Travel Card policies. We will also have a representative from US Bank here to answer any questions you may have.

**Q:** Is the session for people that are using the cards or just for the administrators of the cards?

**A:** We would like to keep it to just the administrators due to limited space. Anyone is free to register once we send out the web story. We would like to keep it to the administrators and the accounting staff of the agencies.

**Q:** I received my renewal for my PCard, but I have not received the renewal for the Travel Card. Should I contact GAO or contact the bank?

**A:** Either one. Tiffany Franks here in GAO can assist you or if you already talk to the US Bank representative directly, you can contact them. Tiffany can be reached at 602-542-6522 or [Tiffany.Franks@azdoa.gov](mailto:Tiffany.Franks@azdoa.gov).

### **3% Withhold – Angela Dillard**

We don't have any new information since the last meeting. We are still waiting on the final regulations from the IRS. At the NASC Conference there is an IRS representative that is supposed to call in for one of the meetings. We are hoping we will get some new information from this meeting, such as if they know when the final regs are supposed to come out, or if the issue will be repealed? As we get new information, we will pass it along.

### **July 1, 2011 payday – Stu Wilbur**

July 1, 2011 is a Friday and it is the first day of the new fiscal year. As you know we normally pay early on Thursday for the Friday pay day. That payroll is budgeted in fiscal year 2012. The cash payment will need to occur in FY12. We sent out a web story asking you to notify your employees of this issue. We are

concerned if employees have automatic bill pay or automatic deductions from their account that occurs typically on Thursday when they normally get paid, they might have an issue with that payroll due to not having funds in their account until Friday.

The warrants will be dated on Friday, not Thursday as they typically are. If employees are still receiving a warrant, it will be delayed a day. We will treat this payday just like the calendar year end issue and mail any warrants to the employee's address of record. That will solve some of the distribution issues for the agencies to get the warrants all out on Friday. We have a web story in the works in terms of the mailing of the warrants from GAO on Friday July 1, 2011.

The Friday payday will be a one time change. The payday of July 14<sup>th</sup> will be paid on Thursday.

### **Any other Questions or Concerns?**

**Q:** We have a May 17<sup>th</sup> go live date scheduled for ProcureAZ. Who would be our best contact at GAO for specific technical vendor and AFIS encumbrance issues?

**A:** Your AFIS liaison would be the place to start. If they need to they will elevate the question. The liaisons have been trained on the system.

**Q:** When we start loading existing contracts, which we have to do before the go live date, does the loading of the contract create an encumbrance?

**A:** No, just the issuance of the PO being sent to the vendor. At the point when you hit send, that is when the encumbrance is created in AFIS. If you are issuing requisitions, the encumbrance happens when the final approver approves the req.

**Q:** Does the send on the PO liquidate the pre-encumbrance and create the encumbrance?

**A:** Yes, they are connected together. If you take a req and turn it into a PO it will automatically liquidate the pre-encumbrance.

### **Future Agenda Items**

**Emphasis on Electronic ACH Payments**

**NSF & Favorable/ Unfavorable Deposits Cleanup Project**

**3% Withhold**

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

Meeting adjourned at 2:28 p.m.

The next meeting is scheduled for Tuesday, April 19, 2011, at 2:00 p.m. in the General Accounting Office.