

**Large Agency  
Chief Financial Officers Meeting Minutes  
February 27, 2007**

***PARTICIPANTS:***

Joe Whitmer, DOA/MSD  
Megan Darian, DOA/SBO  
Tom Marshall, DCA  
Annabelle Sevilla, DCA  
Tim Newton, DEA  
Ross Begnoche, EDA  
Michael Clark, EVA  
John Moorman, HCA  
Jim Cockerham, HCA  
John Lake, HSA  
Nancy Linssen, RTA  
Kim Smith, DJA  
Chuck LeBlanc, PSA  
Reed Spangler, RVA  
Craig Rudolph, DTA  
Syndi Reeder, WCA  
Clark Partridge, DOA/GAO  
Mohammad Khaksari, DOA/GAO  
Mike Smarik, DOA/GAO  
Jan Sharon-Strieby, DOA/GAO  
Angela Dillard, DOA/GAO  
Joanna Greenaway, DOA/GAO  
Donna Cornella, DOA/GAO  
Greg Carlson, DOA/GAO  
Kjell Anderson, DOA/GAO

***ITEMS COVERED***

*Clark Partridge – Welcome & Introductions*

**IRS Audit**

\*\*The State negotiated a settlement agreement with the IRS on the audit. The Legislature passed an amendment authorizing the Department of Administration to pay the settlement.

\*\*Primarily, a few of the large agencies were the ones affected by the settlement with the uniform allowances and independent contractor vs. employee issues. Ensure your independent contractors are treated as contractors. If you are concerned that you may be treating an independent contractor as an employee, you can refer to the GAO Technical Bulletin No. 99-6 Employee vs. Independent Contractor check list for verification and specific examples to help with the

determination. The technical bulletin can be located on the following url:  
<http://www.gao.state.az.us/publications/tb/bulletins/tb996.pdf>

\*\* The GAO is currently working on the new policy for same day meals in conjunction with the TMS. This will most likely be incorporated into the new Travel Policy section of the SAAM and not as a technical bulletin. Per the IRS, employees are required to pay taxes on meals and incidentals without an overnight stay. The State has an agreement with the IRS that State employees reporting meal reimbursements without an overnight stay will be considered taxable income and be implemented by January 1, 2008. If an employee does not have an overnight stay in a trip and does not want their meals to be considered as taxable wages, they do not have to submit their meals for reimbursement for that trip. The reimbursement will be paid out of AFIS and reported to HRIS through the TMS. The reimbursement will be considered part of the employee's income. This additional income will impact the employee's taxes and will be reflected in the HRIS.

### **Travel Card Update**

American Express did not sign the travel card agreement. Currently, we are looking for other alternatives. There are two contracts that have been identified where the State could potentially piggy-back off of without a solicitation; one is the State Treasurer's contract with Bank of America and the other is a WSCA contract with US Bank that the State of California is using. If a resolution cannot be found, a new RFP will be issued. Travel cards should help eliminate most travel advances. Additional meetings will be held to help evaluate and resolve the travel card and P-card issues. Any suggestions or questions concerning the travel card should be referred to Angela Dillard.

### **Travel Policy**

The travel policy is being revamped in coordination with the Travel Management Subsystem. The goal is to solve as many travel related issues as possible. The travel card, the TMS and the travel policy are being coordinated for implementation around the same time this fall. One of the agencies had a concern that they would be operating off of two travel policies while they were piloting the TMS. The GAO will take into consideration this condition and coordinate the release of the new policy. Any suggestions or changes on the travel policy should be referred to Angela Dillard.

### **Travel Management Subsystem (TMS)**

Last month, Angela Dillard provided summary level information on the TMS. The TMS is the catalyst for the IRS agreement for the reporting of the same day meals. It will be a customer service focused web based tool. TMS will be able to handle approval of travel requests as well as reimbursements. Several agencies have offered to pilot the new TMS. If any new suggestions or questions come up, please contact Angela.

### **Internal Controls**

Internal controls will be left on the agenda as a reminder. 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.

### **Emphasis on Electronic Payments (Direct Deposit & ACH)**

The GAO continuously tries to explore new avenues to help agencies be more productive, efficient and cost effective. The current focus is to have employees set up direct deposit for their paychecks and vendors sign up to receive payments via ACH. Establishing these procedures should help eliminate some of the paper, and possibly some frustrations the agencies may be experiencing.

### **GAO Website Update**

Greg Carlson is helping with the GAO website. He gave a brief demonstration on the changes that have been made so far.

**\*\***One of the changes went into effect on February 20<sup>th</sup> was the posting of the newly restructured web page for the State of Arizona Accounting Manual (SAAM). This change is the beginning of the GAO's effort to improve communication of new, modified or canceled accounting policies and procedures and provide effective and timely access to this information. The website updates also include a modification to the Table of Contents and a change to the file formats of some sections of the SAAM. The change in file format now allows search/find capability within an Adobe PDF document. At this point, no change has been made to the content/information of any policy or procedure. You can expect to see additional changes made to the website structure allowing easier navigation to policies, procedures and notifications. Additionally, we are working on updating policy and procedure content including incorporation of the GAO Technical Bulletins into the SAAM.

**\*\***Other changes that have been made to the website are the change to the Technical Bulletins and All Agency Memorandum's section. The Technical Bulletins and All Agency Memorandum's have been separated into different folders to help locate specific information quicker.

**\*\***Part of the restructure will be to ensure that the formats are consistent and the website is more "user friendly". If you have any questions or suggestions concerning the GAO website, please contact Diane Gorham.

### **Issues, Concerns, Questions**

**\*\***The Department of Revenue will be hosting a Use Tax seminar. The purpose of the seminar will be to educate State agencies on when Arizona's Use Tax provisions should be applied to sales transactions and to answer agency questions. An announcement will be going out from the GAO website in a few days with the date, time and location.

**\*\***Employee Recognition was discussed on items that could be considered as taxable wages.

The following questions (Q) and answers (A) were discussed:

**\*\*Q:** When will you be looking at reprogramming HRIS to follow the performance pay date?

**\*\*A:** This should happen within the next couple of pay periods.

**\*\*Q:** Does any other agency have a cell phone stipend?

**\*\*A:** A brief discussion was held on cell phones, internet access and a communication allowance. Cell phones could be a potential IRS issue that may need to be addressed and clarified in the future.

**\*\*Q:** One of the divisions serves punch and cookies for the youth and parents attending meetings, is this appropriate?

**\*\*A:** Some Federal Grants have provisions in them for the distribution of food which contradicts with the State policy. State policies have to be followed or the agency could be in violation of the Federal requirements. One of the rules of thumb would be to ask the question, "Could the meeting be conducted without the food or beverage being served?" If so, it is not an appropriate expense to the State. If there is value added to the State, it could possibly be considered. This would include high risk health issues.

**\*\*Q:** Can you please bring up traffic citations in the next CFO meeting for the small and medium agencies?

**\*\*A:** A discussion was held on traffic citations. Employees are responsible for paying the citations, not the agency. Some of the photo citations are being delivered to ADOA. The item will be added to next month's agenda.

### **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, March 27, 2007 at 2:00 p.m. in the General Accounting Office.