

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

**PARTICIPANTS:**

Joe Whitmer, DOA/MSD  
Megan Darion, DOA/SBO  
Paul Nicola, DCA  
Tim Newton, DEA  
Steven Race, EDA  
Angela Calles, EDA  
John Moorman, HCA  
John Lake, HSA  
Kim Smith, DJA  
Ken Bell, JCA  
Chuck LeBlanc, PSA  
Nancy Linssen, RTA  
Reed Spangler, RVA  
Craig Rudolph, DTA  
Syndi Reeder, WCA  
Clark Partridge, DOA/GAO  
Mohammad Khaksari, DOA/GAO  
Jan Sharon-Strieby, DOA/GAO  
Mike Smarik, DOA/GAO  
Angela Dillard, DOA/GAO  
Joanna Greenaway, ADOA/GAO  
Shannon Landis, DOA/GAO  
Donna Cornella, DOA/GAO  
Kjell Anderson, DOA/GAO

***ITEMS COVERED***

*Clark Partridge – Welcome & Introductions*

**IRS Audit**

The State has signed a closing agreement with the IRS. The State settled with the IRS on a potential \$12 million dollar liability with a \$1,936,000 payment. The closing agreement included certain stipulations on uniform allowances, independent contractors, and meal reimbursements without an overnight stay.

\*\*Ensure that you are treating independent contractors as independent contractors according to the list on the GAO Technical Bulletin No. 99.6.

\*\*The only unresolved stipulation is the same day meal reimbursement without an overnight stay. The stipulation is that a resolution for ensuring the reimbursement becomes taxable wages has to be in place by January 1, 2008. The resolution will be addressed in conjunction with the implementation of the

Travel Management Subsystem (TMS). TMS will send the reimbursement information to the HRIS to become taxable wages. This should allow the State to comply with the IRS requirements.

\*\*The uniform allowances have been discussed with the affected agencies and are now considered as taxable income. GAO Technical Bulletin No. 07-1 in reference to the uniform allowance policies and procedures is posted on the GAO website.

\*\*If an employee is taking home a State vehicle to use for commuting, ensure that they are getting the \$3.00 per day commute flag entered into the HRIS to be included as taxable wages.

\*\*Agencies need to be aware of taxable income issues so they do not become a liability risk with the IRS. The IRS audit will remain on the agenda to remind the agencies from time to time of the issues that were related to the audit.

### **Fiscal Year-End**

\*\*The GAO AFIS Group is preparing the 2007 Fiscal Year-End Memo and it should be available on the GAO website in the next few weeks. A notice will be posted to the GAO website when it becomes available.

\*\*On April 6<sup>th</sup>, the Fiscal Year 2008 AFIS profiles will be run. After the profile run, agencies can go into AFIS and make any changes they may need to make for Fiscal Year 2008. If an agency needs more guidance concerning the memo or their 2008 profiles, they can contact their AFIS liaison or Donna Cornella.

\*\*Alternative methods for the year-end memo are being considered.

\*\*One of the agencies asked what the availability of AFIS was going to be for the year-end. A letter will be distributed with the availability dates. AFIS will be available on the following Saturday dates: 9:00 a.m. to 6:00 p.m. on June 2, June 9, June 16, June 23, July 7, and July 14. AFIS will not be available on any Sundays.

\*\*The best way to receive year-end information is by attending the Fiscal Year End Meeting. A meeting schedule will be posted in a few weeks.

### **Travel Policy**

The travel policy is being revamped in coordination with the release of the TMS. The plan is to have meeting to distribute a draft of the travel policy by the end of May so that the agencies can provide feedback before it becomes final. The final policy should be available for online distribution by the time the Travel Management Subsystem is ready for piloting.

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

An update meeting will be scheduled by mid June for the agencies to provide input on the TMS profiles. A new contractor has been hired to help ADOA's Information Service Division (ISD) with the TMS project. The piloting of TMS should begin around the end of September or the first of October and released for agency use by the first of December. TMS has to be ready before January 1, 2008 in order to coincide with the IRS settlement agreement for the same day meal reimbursement.

### **Internal Controls**

An internal control survey that was received from the State of Massachusetts was emailed to everyone last week for informational purposes only. The GAO is developing a similar questionnaire/survey to be incorporated into the closing package this year. DOA/ISD has a web-based tool that can be used for the agency's feedback on the questionnaire/survey. Internal controls will be left on the agenda as a reminder.

### **Direct Deposit Advice**

The GAO is looking for a good way to eliminate the printing of the direct deposit advice for all State employee's payroll. Paychecks can be viewed on the Y.E.S. website on Wednesday morning of the pay week. Agencies will need to ensure that their employees have access to a computer at work or provide a kiosk at the agency's site for the employee to view or print their pay stub. Per statute, the State is required to provide employees with a notification of their direct deposit. The current view is to have the employee opt out of receiving the hard copy direct deposit advice on the Y.E.S website. Agencies will receive plenty of notice to inform their employees of the change. No end date for the direct deposit advice has been determined at this time.

### **GAO Website Update**

Changes have been made to the GAO website in order to help agencies locate information easier. Additional changes are scheduled to be made. One of the main changes is the ability to search in the State of Arizona Accounting Manual. If anyone has any suggestions or issues with the website changes, please contact Diane Gorham.

### **Traffic Citations**

Traffic citations were discussed during last month's Large CFO Meeting. Unless the ticket is for mechanical failure, the State is not liable for traffic citations. Employees are responsible to pay all traffic violations they may receive. Clark will see if traffic citations can be added to the travel policy while it is being revamped.

### **Allotment and Budget Issues**

\*\*Each agency should be looking at their AFIS IT file at the end of this week to gain a perspective of where they are at with their budget before the next allotment posts. If an agency is having problems with their allotment or budget, they need to contact their OSPB analyst and also notify their AFIS liaison. Some agencies currently have a payroll on error status in AFIS.

\*\*A brief discussion was held with the OSPB on the automatic standard allotments for next year. While loading the appropriations in the general fund for personal services and ERE (rent or projects), the GAO is looking to see if an adjustment is appropriate. Remember to allocate the appropriations throughout the fiscal year. Sweeps originally were meant for health and dental, not for other

types of expenditures.

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

Cell phone reimbursements, Visa reimbursements and relocation expenses were discussed.

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

**\*\*Q:** Who in GAO should be contacted for questions related to administrative adjustments?

**\*\*A:** Anita Kleinman would be the GAO contact person to answer questions on administrative adjustments.

**\*\*Q:** Take home vehicle policy tax questions, who can an agency talk to about them?

**\*\*A:** Mike Smarik volunteered to help answer the question or point the agency/employee in the right direction.

### **Future Agenda Items**

#### **Payroll Card**

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

Encourage new employees and vendors to sign up for direct deposit or ACH.

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

Meeting adjourned at 2:50 p.m.

The next meeting is scheduled for Tuesday, April 24, 2007 at 2:00 p.m. in the General Accounting Office.