

**Large Agency  
Chief Financial Officers Meeting Minutes**  
November 25, 2008

**PARTICIPANTS:**

Shandra Olsson, ABA  
Paul Nicola, DCA  
Tim Newton, DEA  
Steven Pawlowski, DEA  
Craig Rudolph, DTA  
Steven Race, EDA  
Dee Dee Stewart, EVA  
Jim Humble, HSA  
John Lake, HSA  
Li Li, DJA  
Joan Thompson, LAA  
Brett Larsen, LAA  
Reed Spangler, RVA  
Tom MacConnel, RVA  
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Clark Partridge, DOA/GAO  
Jaimie Soulvie, DOA/GAO  
Tami Eckloff, DOA/GAO  
Joanna Greenaway, DOA/GAO  
Amy Aeppli, DOA/GAO  
Ron Santa Cruz, DOA/GAO  
Shannon Landis DOA/GAO

***ITEMS COVERED***

*Clark Partridge – Welcome & Introductions*

***Internal Control Presentation***

Those of you who need CPE will get 1 hour of CPE for attending today's CFO meeting. The document they prepared is really a good tool. It's really worthwhile. It gives you the opportunity to sit down with program managers and review your agency. If we are not doing things that are mitigating risk, then why are we doing it? Then it's just busy work. The public has a reasonable expectation that we are protecting State resources. It's going to be particularly important during budget cuts. What is cut and why and what does it do to the risk level? How do you do what you do? How do you know what is supposed to be done is done? We wanted to get this information out to you so you can start thinking about it and we can help you with it. We have an internal control questionnaire. We are looking for volunteers from some large agencies to go through the questionnaire as a pilot group. They won't have to go through the

survey twice. We are looking for feedback before it goes out to everyone. With the large agencies, one person may not have the entire understanding of what is going on for the entire agency. You may have to have separate divisions answer. You may have to have multiple people answer, or submit multiple responses to cover a large agency. That's the type of feedback we will be looking for.

### ***Audio Conferences***

December 10 & January 28 conferences are like the ones we have been having here at GAO. The January 12 conference is different. That one is specifically for Arizona CPA's that need the required four hours of ethics training required under the law. This conference is restricted to those CPA's that need this training. Every other year we try to coordinate with the Auditor General to ensure those that need the training get it. We open it up for whatever seats are remaining to the rest of the State after the Auditor General and GAO. This will be on a first come first serve basis. There is a cost. We take the cost and divide it out. It's around \$50 - \$60. It's cheaper than when the ASCPA holds it. We don't care if the agency pays or the individual pays. Two years ago it took us a long time to collect after the fact. This year if you haven't paid prior to the class, we will kick you out of the class. We will give your seat to someone else. We are not going to spend a lot of time and resources trying to collect. Until you pay, you haven't got a reserved seat.

### ***Internal Audit Meeting with Agencies***

The next meeting will be next week on Tuesday at 2:30. This is a follow up meeting to the meeting we had about six months ago. There are a couple of agenda items agencies sent in. We'll talk about internal controls and other things. The email went out to those that attended last time. If you have anyone that you would like to attend, please email Jaimie Soulvie at (602) 542-6223. Jaimie has found that not all the auditors in the State are signed up on the GAO website. If they are not signed up, they won't receive information that is going out. There was pretty good attendance for the last meeting. It's an opportunity for the internal audit folks to meet and exchange thoughts and ideas. If you've got some problems or issues some of those things may be better kept for a different forum but if you have thoughts and ideas, it's good to share with other agencies in a collaborative and collegiate way.

### ***US Bank Payments***

We have been having problems with agencies making payments to US Bank and putting the full 16 digit card number in the memo field. If you want to put in the last four digits that's fine, but don't put in the full 16 digit number. That number was going on various records and recorded in AFIS. Please review your payments to make sure you are not having this problem. We put out a web story on this issue a while ago so hopefully that stopped it. We wanted to follow up in the CFO meetings. The other thing is we are working on the ACH payment to US Bank. The problem right now is on the Bank of America side, not the US

Bank side. We are continuing to work with the Bank of America to resolve this issue. They originally said it would take about three weeks to resolve. It has now been about three months. It just hasn't worked out quite as well as we have wanted. We will be elevating the issue with the Bank of America.

Comment: When processing travel payments we only put the last four digits of the card number for the travel payments.

Remember that these documents are public records. If someone requests the public records, they would have the full number.

### ***Calendar Year End Payroll Meeting***

Today at 9:30 or 1:30. I saw a few of you coming out of the meeting this morning. If you didn't have a chance to attend, the minutes and slide deck will be on the website.

### ***Payroll Date Clarifications***

The first payday in 2009 is January 2<sup>nd</sup>. Bank of America customers have been receiving their direct deposits on Wednesdays of pay week. That cannot happen that week. Wednesday would be December 31<sup>st</sup>. That would be constructive receipt of the wages and taxable for 2008. We will be pushing the entire payday to 2009. We were trying to make it so the first pay day in December that Bank of America customers would not receive their direct deposit until Thursday but with running things up the food chain, it may not happen. So, if it doesn't happen for the first payday in December, it will happen for the second payday. From that point forward, they will receive their direct deposit on Thursday. At some point in the future we will probably be going to a Friday pay when the money will actually be moving into employees' bank accounts on Friday. We are going to try to give people an advance notice of a couple months prior to moving to the Friday pay. We understand while it is just a day, it may make an impact on people's personal finances. In 2009 we will have 27 payrolls, the 1<sup>st</sup> or 2<sup>nd</sup> of January and then looking ahead, the 31<sup>st</sup> of December will be the Thursday. Every 5 or 10 years people will call up and say, I don't even make this much money. How could I possibly have that much money on my W2? The reality is you had 27 pays in that year. That is when you were paid, that is when you were taxed. It will push people into higher tax brackets. We're just giving everyone a heads up that this will be happening in 2009. Likewise there will be 27 pays in FY2011 or FY2012. To move this out to 2012 we will need to move paydays to Friday. Even if we have the payday on Friday, we will have to look at the holidays. We will probably still have the 27<sup>th</sup> pay on the 31<sup>st</sup> of December 2009 due to the holiday we'd pull it into the Thursday.

Pick up for the first payday in January of 2009. The 31<sup>st</sup> is on a Wednesday. Normally if the holiday is on Thursday, we allow pickup on Wednesday. The last time this happened on a Thanksgiving week, we told agencies they could not hand out the pay warrants on Wednesday, some did anyway. They actually

cleared our account on Wednesday. Because of this, we will not be handing out any payroll on the 31<sup>st</sup>. We will distribute on the 2<sup>nd</sup> of January. Understand there will be a lot of people that will be off on the 2<sup>nd</sup> and wanting to pick up their warrants on the 31<sup>st</sup>. The answer to these people is, "No, payday is Friday.". If the pay were to be distributed on Wednesday and they run to the bank to cash it, it is constructive receipt and it is taxable income. We understand there will be issues especially with the large agencies with distribution. Give people the opportunity to go on direct deposit now. Their money will be in the bank on Friday instead of worrying about picking it up. Or maybe they were planning on working on Friday but ended up sick. What we are going to do is hustle the sorting process to have the warrants available by 7:00 a.m. on Friday. If it will help you, we will do our best to make that happen. We know you have courier runs and mail outs but we cannot distribute on Wednesday. We aren't going to come in on New Year's Day, sorry. We are willing to come in early on the 2<sup>nd</sup> to get them to you as soon as possible in the morning. I'm not going to start handing them out at 5:00 in the morning but I think we can be ready for 7:00. We are really interested in your feedback. Let us know what you think. If you think 7:00 will be needed, contact Tami at (602) 542-5602

### ***Timely Payroll Warrant Pick Up***

We've had some warrants that have gone for weeks that have not been picked up. Sometimes couriers come and they only pick up the current payroll and do not ask for the prior payroll. Since we have not had direct deposits out there, some agencies just don't come and pick things up and there are warrants that need to be picked up. Please ask your couriers to make sure there isn't anything there from prior payrolls to be picked up. This mainly pertains to small & medium agencies. We have yet to see a large agency leave payroll warrants for any length of time, please make sure things are being picked up timely.

### ***Budget***

Ongoing issue. Any particular problems we need to discuss at this time? I believe we will be looking at additional budget cuts. I would encourage you to plan appropriately. I don't know how they are going to close the gap. It's hard to come up with cuts when we are  $\frac{3}{4}$  of the way through the year. Plan appropriately and we will go from there.

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

Any additional items you would like to discuss?

**Q:** How soon do you plan on distributing the payroll card?

**A:** We are relatively close. We need to discuss further with our Director and he has been involved with other things for the Governor. It should be soon but it would be something that would help with the end of the year situation we were discussing. We had hoped to have it finalized by this month's CFO meeting but

that didn't happen. It should be a fairly easy roll out. I just don't know when it will occur. There is not a downside to it that we are aware of.

***Updated Travel Form Presentation***

Amy Aeppli gave a presentation on the updates to the travel forms. Watch for them on the GAO Website soon!

***Internal Controls Presentation***

Jaimie Soulvie gave a presentation on internal controls. This presentation was worth one hour of CPE for attendees.

**Reminder**

No December meeting. We'll see you in January.

**Future Agenda Items**

**Emphasis on Electronic ACH Payments**

**Travel & Expense Management Sub-System**

**Payroll Card**

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

**Process for Single Audit Findings**

**Federal Transparency Act**

**State Transparency Project**

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

Meeting adjourned at 3:30 p.m.

The next meeting is scheduled for Tuesday, January 27, 2009 at 2:00 p.m. in the General Accounting Office.