

**Small & Medium Agency  
Chief Financial Officers Meeting Minutes**  
January 20, 2009

**PARTICIPANTS:**

Biju Kamaleswaran, AGA  
Debb Pearson, APA  
Scott Greenberg, IDA  
Ken Bell, JCA  
Sharon Gulden, LDA  
Miryom Snyder, PRA  
Trudy Kranendonk, RGA  
Mark Carroll, SDA  
Shari Courtney, TEA  
Marcia West, TOA  
Cheryl Fraulob, UOA  
Michelle Brooks, DOA/ADA  
Megan Darian, DOA/ADA  
Clark Partridge, DOA/GAO  
Mike Smarik, DOA/GAO  
Angela Dillard, DOA/GAO  
Jan Sharon-Strieby, DOA/GAO  
Amy Newby, DOA/GAO  
Joanna Greenaway, DOA/GAO  
Anita Kleinman, DOA/GAO  
Tami Eckloff, DOA/GAO  
Stu Wilbur, DOA/GAO  
Jaimie Soulvie, DOA/GAO

***ITEMS COVERED***

*Clark Partridge – Welcome & Introductions*

**Upcoming CPE Training/Audio Conferences:**

The GAO is very conscience of training needs and tries very hard to extend the limited dollars to get the best deal we can for the money we spend on training. The GAO cannot guarantee that we will be able continue with the training with upcoming budget cuts. The GAO will try to maintain hosting the audio conferences as the State receives a great deal of benefit from the audio conferences. The conferences stimulate discussions within the State, State CPAs can obtain CPE, and the conferences keep major topics of concern current.

NASACT will be presenting its information as a webinar instead of an audio conference. This will allow up to five separate locations to participate for one fee.

If anyone has employees located in a different city who would like to participate, please contact the GAO.

- January 28, 2009 at 12:00 p.m., NASACT Webinar – “Ethics in Work and Life” – 2 hours CPE
- February 11, 2009 at 12:00 p.m., AGA Audio Conference – “Building Fraud Risk Assessment Into Audit Planning” – 2 hours CPE

### **Payroll Calendar Year End – Any Questions?**

**Q:** Can you add to the payroll calendar which day of the week that payroll is supposed to hit AFIS?

**A:** That is a good suggestion. Stu will work on adding the information to the payroll calendar.

### **W-2s**

There were 52,150 W-2s mailed yesterday at 3:00 p.m. A webstory will be issued today addressing how the GAO and agencies are to handle W-2s with incorrect addresses. There is a new feature that has been added to the W-2 forms: displayed on the first line in the window of the envelope, there will be the employee’s EIN, process level, and check locator code, which can be used to route the undelivered W-2 directly back to the employee at their worksite without anyone having to open the envelope. This will help ensure the employee’s W-2 privacy. This additional information will help the GAO and the agency with the misdirected mail. As a reminder, employees are not to be referred directly to the GAO. Requests for 2008 duplicate W-2 forms will not be accepted until after January 31, 2009.

**Q:** Is there a plan to have the W-2s available online in the future?

**A:** Yes, there are plans to have the W-2s available online with Y.E.S. Once the environmental upgrade with HRIS happens, then we can work on moving W-2s to an electronic version. This will allow employees and former employees to receive their duplicate W-2s sooner.

### **1099s**

There are over 17,000 1099s that will be mailed by the end of this week. A webstory will be issued to notify the agencies of the distribution date. If anyone has any questions they can leave a message on the 1099 Hotline (602) 542-5553 or contact Tiffany Franks (602) 542-6522 or Patti Ferreira (602) 542-1673 for assistance.

### **Internal Controls**

The Internal Controls Survey is at the ADOA Director’s Office for final review. The delay is due to the upcoming possible agency head changes with the new Governor’s transition into office.

## **Process for Single Audit Findings**

The Single Audit Findings are usually reported right after the CAFR is completed which normally would be on March 31<sup>st</sup> of each year. Last year the Single Audit was released in July due to the CAFR being submitted late. Once the Single Audit is completed, the information is disseminated to the cognizant federal agencies. Single Audit information can be submitted electronically. Please keep the GAO informed of single audit issues.

## **Budget**

Clark reviewed the lists of states with budget issues reported in the January 9, 2009, GFOA News Letter. Arizona was number one.

There are some proposed cuts that the Legislature is working on. The FY09 summary has a 10% lump sum suspension/reductions in the General Fund plus an additional 4.2% salary lump sum reduction. Each agency is different and unique depending on the sources of its funding. In FY10, the summary shows a 15% lump sum reduction and a 10% salary lump sum reduction. Depending on when the Legislature passes the budget cuts, agencies may only have a few months to make the requested changes to their FY09 budgets. Agencies need to plan appropriately and build flexibility into their operations along with identifying their potential impact. As always, agency representatives can forward any questions to the GAO.

**Q:** Clark what is a lump sum salary reduction?

**A:** I am not sure; I can only read what the article shows. It could be based on various categories or combinations to get to an end.

The JLBC has a detailed budget report on their website which includes all agencies proposed reductions. The report contains General Fund appropriation reductions and includes transfers from other funds.

**Q:** Is there any real information on the budget or is it just speculation?

**A:** No one will know until the budget is released.

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

**Q:** Weekend AFIS availability. If an agency has limited staff that needs more than five days to get their work done along with possible mass transfers, is there a possibility for AFIS to be available on the weekends during early in the fourth quarter?

**A:** Yes, there always is a possibility. We cannot guarantee anything due to potential budget reductions affecting GAO operations. It would also depend on when the request could be granted. Other options would come into play as the request may not be granted during AFIS month end close. Generally, AFIS is always available to enter on the weekends but there are no batch runs done at night on the weekends.

**Q:** Debt reporting. Can you clarify what constitutes a debt as opposed to what constitutes normal operating accounts receivable? Are they included or excluded?

**A:** If your agency has provided goods and services for which it has not been paid on a timely basis according to the terms agreed upon at the time of the transaction, a debt for the outstanding amount exists. If the amount due is not delinquent, then it is not a debt. The debt report will be an ongoing quarterly report for all agencies including the universities and agencies with their own accounting systems and payroll like the Power Authority. An agency cannot be exempt from the debt reports.

**Q:** If another agency, internal to the State of Arizona, owes us money, do we list them in the report?

**A:** If you think it will help you collect it faster, you could. Just make sure all your reports are filed with the agency. The normal scope requirements are debts owed to the State of Arizona from an outside party.

**Q:** We have a list of NSF checks going back to 2003 which is the only debt owed to us which we attached to our letter. The Attorney General's Office told us that the GAO needs permission from the Attorney General's Office to allow the agency to write off the NSFs. Would attaching the list would be the first step in clearing the NSFs?

**A:** It depends on what the NSF check was for. If the NSF check was for a licensing issue, then it is expected that the agency does not issue the license or that they cancel the license which would make it no longer a liability to the State. The agency can contact and coordinate with their AFIS liaison to reduce the NSF GL and reduce the revenue so that the NSF check would no longer be a debt to the State.

**Q:** What if it was for goods or for something that is not returnable like the day use of a State park?

**A:** If goods were purchased and cannot be retrieved then the NSF check would be a debt to the State which would need to be coordinated with the Attorney General's Office.

Additional comments pertaining to debt reporting concerning lease cancellations and cost recovery were discussed. Whether it is cost recovery or revenue, it would be considered money or something of value that is owed to the State and should be included on the report.

**Q:** Did you say that this is a quarterly report? Is it just being instituted?

**A:** The debt reporting has always been in place as an annual report. The Attorney General's Office is asking for all agencies to submit the report quarterly. A quarterly report makes more sense. Quarterly will allow the agencies to follow-up in a timelier manner.

**Future Agenda Items**

**Emphasis on Electronic ACH Payments**

**Travel & Expense Management Sub-System**

**Payroll Card**

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

**Federal Funding Accountability and Transparency Act (FFATA)**

**State Transparency Project**

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

Meeting adjourned at 3:00 p.m.

The next meeting is scheduled for Tuesday, February 17, 2009, at 2:00 p.m. in the General Accounting Office.