

**Small & Medium Agency
Chief Financial Officers Meeting Minutes
March 18, 2008**

PARTICIPANTS:

Shandra Olsson, ABA
Echo Truex, AGA
Julie McKnight, AUA
Randi Orchard, BNA
B. Gloria Ramirez, CBA
Dena Dotson, EPA
Lizette Morgan, GFA
Barbara Nicholson, GTA
Kim Bittrich, HIA
Diana Marczak, HUA
Glenn Hurd, ICA
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Joan Thompson, LAA
Sharon Gulden, LDA
Graham Bennett, LOA
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Richard Bichanich, PRA
Wilma Himel, RGA
Nancy Bennett, RTA
Mark Carroll, SDA
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Sandy Sutton, WFA
Angelica Romero, WFA
Angela Dillard, DOA/GAO
Jan Sharon-Strieby, DOA/GAO
Joanna Greenaway, DOA/GAO
Shannon Landis, DOA/GAO
Stu Wilbur, DOA/GAO
Anita Kleinman, DOA/GAO
Amy Newby, DOA/GAO
Tami Eckloff, DOA/GAO
Mary Miller, DOA/GAO

ITEMS COVERED

Angela Dillard – Welcome & Introductions

P-Card and Travel Card

The GAO has been contacting all State agencies to provide information on the transition to the new U.S. Bank contract for P-Cards and Travel Cards. If an agency has not been contacted concerning the transition, please contact Tiffany Franks at (602) 542-6522. Tiffany will provide the agencies with information on switching their current P-Card to U.S. Bank and obtaining Travel Cards.

Q: When will the AMEX cards be completely phased out?

A: The GAO would like all agencies to be transitioned to the new U.S. Bank cards by June 1, 2008. The AMEX contract has been extended for one year in case there are any issues. The contract will be terminated once all the agencies have completed the transition. Some of the larger agencies are in the process of connecting interfaces which may take a little longer. Each agency should contact their AFIS liaison when their transition to the new cards has been completed.

Payroll Card and Direct Deposit

Currently there are about 4,400 warrants issued each payroll which is about 10% of the employees who are not utilizing direct deposit. The GAO is working with Bank of America on a "cash pay card" solution to meet the State's needs. The cash pay card would be similar to a prepaid credit card. Cash pay cards are intended for those employees who are unable to obtain a checking or savings account to set up direct deposit.

The GAO is investigating MHC as a software solution to eliminate the printing of pay advices. MHC will be able to image an exact replica of the employee's pay advice on the Y.E.S. website for employees to access their pay information. Currently when employees access the Y.E.S. website to view their pay information, HRIS re-calculates the pay information with every request. The new software would speed up the process and would not drain the HRIS system. Other features of the MHC software would be to have employee's W-2s available online with an encrypted image for security. Document distribution services like payroll stuffers can also be delivered electronically to employees with the MHC software.

Q: Is the objective to eliminate paper as much as possible?

A: Eliminating the printing of direct deposit advices will be more efficient, will enable employees to view their pay information quicker, and save the State additional money. There are additional savings associated with the elimination of direct deposit advices besides the elimination of paper. They include the labor costs associated with the GAO, the Data Center and the agencies associated with the printing, sorting and distribution of pay advices along with postage some agencies pay to mail pay advices.

Q: How will the payroll cards get reloaded on payday for employees who do not have a checking or savings account? Do they get a new card each payday?

A: What we hope will happen is that employees will have a payroll card assigned to them on a permanent basis and each payday the Bank of America will

automatically load the employee's pay onto the payroll card similar to depositing the pay to an employee's checking account. It will be just like a direct deposit except the deposit will be loaded to the payroll card. The banks refer to the cards as declining balance cards. The deposit information that is loaded to the payroll card will be reflected on the Y.E.S. website. One of the selling points is that if the payroll card is lost the money is not lost; the employee can contact the bank and obtain a new card.

Q: So will it be mandatory for an employee to go to direct deposit or have use payroll card?

A: At this time, no. However, the payroll card is a solution that is secure, faster, cheaper and safer for an employee as well as for the State. The payroll card is more secure than a warrant and would eliminate employees having to pay the check cashing fees when they do not have a bank account. Per statute, employees cannot be forced to sign up for direct deposit. Employees have to give authorization for direct deposit and without the authorization the State has to provide a warrant. At some point in the future, the statute could be changed to have the payroll card be the default for paying employees who do not choose direct deposit.

Q: Who would be liable for fraudulent use of the card, the employee, the State or the bank?

A: This will have to be worked out with Bank of America. Once the pay is loaded to the payroll card, the State would not be liable or responsible for an overdraft. It should be similar to a debit card.

Q: My debit card has a VISA logo on it so it can be used without a pin number similar to a charge card. Are the new payroll cards going to be the same where someone could use it without a pin and just sign the voucher?

A: Bank of America offers both products where the card can be used with a pin or with a signature. The options will be reviewed and a decision will be made at a later date.

Q: Are there going to be fees associated with cash with-drawls?

A: There are a lot of details that still need to be worked out along with the security issue of agencies looking at just their own data. There may be a cash limit depending on the ATM which will be addressed. There will be a lot of features available for employees to use the cards.

Q: Have you considered doing an employee survey to find out why employees are not utilizing direct deposit?

A: Some demographic information has already been collected which tells us what agencies the employee works for and where. This should help us understand why the employees are requesting warrants. The cash pay option should be a useful feature for some of these employees.

Upcoming Audio Conferences

The GAO has scheduled the following audio conferences with CPE available:
Wednesday March 26, 2008 at 11:00 a.m. – Emerging Issues at FASAB & GASB
Wednesday April 2, 2008 at 11:00 a.m. – Intermediate Single Audit Issues

STARS

The GAO is asking that audio conference participants begin registering for audio conferences in STARS. To access STARS go to the AzGU website at <http://www.azgu.gov> and click on “Register for Classes and Events”. If anyone has problems registering in STARS they can contact AzGU or Sherry Gates in the GAO.

Internal Audit Meeting with all Agencies

Jaimie Soulvie will be creating an Internal Audit group similar to the CFO Group to hold meetings to discuss internal audit issues and share methods. The meetings will be held quarterly or semi-quarterly with the first meeting to be scheduled in either April or May. The CFO Representatives were asked to inform their Internal Audit Manager or group about the upcoming meetings and provide Jaimie with their contact information. If the agency does not have an Internal Audit Manager or group the CFO Representative will be welcome to join.

Budget

Appropriation Reductions

The Legislature is working on legislation concerning appropriation reductions to FY08 and FY09 budgets. The GAO will post information on the website on how the agency can enter in the appropriation reductions similar to the original appropriation entries. The instructions including the time frames and batch numbers will be provided to the agencies as soon as this is available.

Fund Transfers

Legislation may also include fund reversions, similar to those that occurred in 2002. The GAO will be sending a letter to the impacted agencies to identify if there are any federal dollars in the fund reversions. If so, the GAO will work to ensure that the proper amounts are returned to the appropriate federal grantors.

Q: This is my first year and I would like a little clarification on the fund raids. Does the Governor or Legislature just decide that they are going to look at the agency's funds and decide that they don't need the money?

A: Anita's understanding is that the Legislature, the Appropriation Committee, the Senate and the House will look at potential appropriation reductions and cash balances. If there are large cash balances in proportion to spending the OSPB or JLBC analyst will initiate discussion with the agency. The groups will take into consideration those funds that are statutorily restricted, publically protected, or are unavailable for other reasons as well as future budgetary concerns. The emphasis will be on appropriated funds, not on the non-appropriated funds.

Fiscal Year-End

**Two AFIS fiscal year end training sessions will be held this year in conference room 300. A web story will be issued to provide the exact dates and times.

**The first year end job in AFIS is the Profile Roll which is scheduled for April 18, 2008. The date is a couple of weeks later than normal due to disaster recovery testing in AFIS.

** The Fiscal Year End memo will be posted to the GAO website within the next month. The memo will include all the closing dates and instructions.

**If an agency has any questions concerning the fiscal year end process they can contact their AFIS liaison.

Issues, Concerns, Questions

The Attorney General Opinion regarding travel receipts dated December 14, 1979 was posted on March 7, 2008 to the GAO website. The document can be found under Publications and then CFO Meetings.

Q: I understand that there is going to be another change to the GAO-W-9, State of Arizona Substitute W-9 and Vendor Authorization form. Our agency will be going into our granting which means we will be sending out about 5,000 forms. We were told that the GAO would not accept the old forms. Do you know what the change will be on the form so we can decide what to do?

A: Once the form has been updated, on a case-by-case basis, the GAO will be able to work with agencies that have special circumstances to ensure the GAO-W-9s will get processed correctly.

The update on both the GAO-W-9 and the GAO-618 (ACH Vendor Authorization Form) will include the Social Security Number (SSN) and the Federal Employer Identification Number (FEIN) boxes on both forms to be re-formatted to not drop any zero that is part of the vendor's SSN or FEIN.

In addition, on the GAO-W-9 form, a new box will be added to the "State of Arizona Agency Use Only" section which will require the State HRIS EIN (State of Arizona Human Resources Information Solution Employee Identification Number). This will allow for quicker agency authorization verification by the GAO Vendor Set-Up Unit and in turn expedite the vendor set up process. A GAO web story will be distributed to announce when the change will be in affect.

Q: I was under the understanding that the mileage reimbursement and hotel lodging rates were going to be increased. Is that going to happen anytime soon?

A: The JLBC has to approve any travel rate increases for State employees. Due to the State's budget situation, the new travel rate request that was scheduled to be submitted to the JLBC in December has been postponed. Travel rates will be revisited again after the Legislative session is over.

Q: In the past with budget issues, the State has required some agencies to take furlough days. Has anything been said about that?

A: At this time furlough has not been discussed.

Future Agenda Items

Emphasis on Electronic Payments (Direct Deposit & ACH)

Payroll Stuffers

Internal Controls

Payroll Benchmarking

Travel & Expense Management Sub-System

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 22, 2008 at 2:00 p.m. in the General Accounting Office.