

**Small & Medium Agency
Chief Financial Officers Meeting Minutes**
November 20, 2007

PARTICIPANTS:

Debb Pearson, APA
Diane Serra, CDA
Kim Smith, DJA
Christina Murphy, ECA
Dena Dotson, EPA
Lizette Morgan, GFA
Jeff Hessenius, GTA
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Jennifer Bunkers, HDA
Diana Marczak, HUA
Glenn Hurd, ICA
Ken Bell, JCA
Graham Bennett, LOA
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Tyler Palmer, RGA
Don Bentley, SPA
Cassie Goodwin, TEA
Cheryl Fraulob, UOA
Ernie Nedd, UOA
Clark Partridge, DOA/GAO
Michael Smarik, DOA/GAO
Jan Sharon-Strieby, DOA/GAO
Joanna Greenaway, DOA/GAO
Angela Dillard, DOA/GAO
Amy Aeppli, DOA/GAO
Shannon Landis, DOA/GAO
Jaimie Soulvie, DOA/GAO
Diane Gorham, DOA/GAO
Laurie Leach, DOA/AZGU

ITEMS COVERED

Clark Partridge – Welcome & Introductions

**Agency Presentation: Residential Utility Consumer Office - Presented by
Deputy Director Ernie Nedd**

Deputy Director Ernie Nedd gave an excellent and very informative presentation on the fundamentals and operation methods of the Residential Utility Consumer

Office (RUCO). RUCO is the smallest cabinet agency in the State and represents the interest of residential utility consumers. For more information on RUCO please visit their website at www.azruco.gov.

Travel Policy

******On November 16, 2007 the Department of Administration and on November 19, 2007 the General Accounting Office (GAO) issued All Agency Memoranda's regarding the upcoming changes to the Statewide Travel Policy and Travel Claim Processing. To view the memoranda's visit the GAO website under Publications (click on All Agency Memoranda and then access the memos under the Travel Information section). The memo addressed the same day meals becoming taxable as of January 1, 2008. Only same day meals and not the mileage will become taxable. The first week of December, the GAO will be distributing an "Employee Travel Frequently Asked Questions" document to help State employees and agency travel coordinators answer travel questions. If additional support documents are needed to help with the understanding of the new travel policies please contact Clark or Mike. There will only be two additional items listed on the employee's paycheck: one will be taxable travel reimbursements and the other will be non-taxable travel reimbursements.

******One of the agencies questioned whether the per diem rates for Arizona were going to be increasing soon as they are having trouble locating State lodging within the approved rates in Prescott, Yuma, Globe, Payson, and Stafford. The GAO has drafted a letter to submit the travel rates to the JLBC in hopes to be able to be on the JLBC's December agenda for the JLBC to review the travel rates.

Clark then clarified that the State of Arizona does not operate on per diem rates. To clarify, a per diem is an X amount of money allowed for food or lodging given to the traveler no matter what the actual cost is that occurred. The Arizona State law allows for the reimbursement of expenditures for travel up to a maximum amount and the traveler is eligible for reimbursement of those expenditures in accordance with the Travel Policy as set up by the State of Arizona Department of Administration.

When will the job roles be ready in HRIS? A group met yesterday to discuss the establishment of travel management job roles. More information concerning job roles will be discussed at a future date with the agencies.

Is the travel claim form going to be changing? Yes, the form will be changing. It has been decided that receipts will not be required as long as the supervisor and/or the employee takes full accountability. Per the Attorney General Opinion's last footnote there are procedural alternatives available to assure that reimbursements are properly made. The agency heads may be required to keep receipts or even dispense entirely with a receipt system and rely on employee and employer affidavits for certification of expenditures. In the event the latter procedures are adopted, he may also require employees to produce proof of

expenses on a spot-auditing basis. A copy of the December 14, 1979 Attorney General's Opinion Re:179-295 (R79-298) will be posted to the GAO website for the agencies to view. Clark read the footnote for the benefit of the attendees. The emphasis will be on providing receipts when requested. The policy and certification on the travel form will be changed signifying that the employee certifies that they have actually spent the amounts that they are claiming and they are not claiming any amounts greater than they spent. This opportunity will be used to help train employees to be able to gain a better knowledge of State travel.

What about employees traveling over the holiday? There is a cut off date and if the employee submits their travel reimbursement after the January 1, 2008 then the new rules apply as it is for all payments made to the employee after the January 1, 2008 date. This would include employees who are traveling and are staying overnight in lodging between 35 miles and 50 miles; the new rules would apply as of January 1, 2008. The 50 miles is a state change, but is consistent with the IRS code.

How is the system going to know if there is an overnight stay involved? The HRIS system will not determine this, the agency travel coordinator inputting the travel expenses will have to make the determination when coding the travel. Ultimately, when there is a Travel Management Sub-System in place, the system hopefully will be able to make that determination depending on what dates and events are entered into the system.

The new travel policy will not be able to cover all of the travel scenarios out there. The goal is to hopefully be able to simplify things and focus on trying to help the employees make good travel decisions.

The new travel policy will establish that the employee will have to be at least 50 miles from home or duty post to be in travel status to be eligible for reimbursement. There will be a table establishing the eligibility of the meal reimbursement. Breakfast will be from this to that time and lunch from this time to that and the same with dinner. If an employee is not taking their lunch or breakfast during the specified times then the agency has the option to counsel the employee like they can do with any other employment issue.

If an employee is claiming the maximum allowed for a meal reimbursement on every travel claim then this may be a good indicator to ask for receipts for their meals. Employees should make good choices and agencies should use their best judgment.

Included in the Year-end Payroll Stuffer distributed in December, will be a reference to travel policy changes and it will reference the Q & A document that will be posted on the GAO website. A summary of the changes will be included in the stuffer.

The draft of the new travel policy or the new travel policy should be distributed by December 7, 2007.

P-Card and Travel Card

The contract for the new P-Card and Travel Card has not been signed. There are a few issues that still need to be resolved. The State will be using a VISA card with the new vendor.

The Travel Card will be a personal liability card. It is ok for the employee to use the card for travel related items as long as the card is paid off in full. Personal items purchased will not be reimbursed. Clarification will be added to the travel policy once the cards are ready to be dispersed.

The new Travel Card and P-Card will be implemented after the first of the year. Discussions on how to transition existing card holders will be held after the contract is signed.

Travel Management Sub-System Update

The Travel Management Sub-System (TMS) has been placed on hold. Travel reimbursements will be entered directly into HRIS as either non-taxable or taxable income.

An agency representative asked if another travel coordinator would be able to delete a travel batch. No. Another travel coordinator would not be able to change the entered travel batch, but a payroll initiator could reassign the batch for someone to finish if the originating travel coordinator is out of the office. Timekeepers can only see the batches that they key in themselves. HRIS security will not be changing these items for travel.

An agency representative had heard from her predecessor last January that employees were going to be entering their own travel claims into AFIS. GAO clarified that what was previously discussed was that employees would be entering their travel claims directly into the new TMS, not AFIS, and eventually employees will also be entering their own time records. The GAO is reevaluating the TMS to make sure that it can be effective and efficient in the long run.

Payroll Benchmarking

Yesterday, NASACT received some of the benchmarking results. A payroll benchmarking result demo will be scheduled after the holidays.

Upcoming Audio Conferences

**The GAO has scheduled the following audio conferences with CPE available:
Wednesday December 12, 2007 at 12:00 p.m. – Anatomy of Fraud

**The GAO will be scheduling and issuing web stories for the following audio conferences with CPE available:

Thursday January 17, 2008 at 12:00 p.m. – SAS No. 112
Wednesday February 6, 2008 at 12:00 p.m. – Internal Controls

Pay Week the Week of Thanksgiving

The GAO will be sorting and distributing payroll tomorrow which is Wednesday November 21st. Payroll may be picked up after 9:00 a.m. tomorrow but may not be distributed to employees until Friday due to the Thanksgiving Holiday. Warrants will have Thursday's date on them and will not be valid if an employee tries to cash the warrant on Wednesday.

Payroll Calendar Year-end Meeting Schedule

The Payroll Calendar Year-end Meetings are scheduled for November 28, 2007 at 9:30 a.m. and 1:30 p.m. It is a good idea to attend and refresh what will be happening during year-end. Travel is on the agenda to be discussed during the meetings.

Payroll Stuffers

Year-end, travel policy and W-2 information will be distributed in a payroll stuffer scheduled for the first payroll in December. W-2s will be distributed in the mail and employees need to ensure their home addresses are valid.

Issues, Concerns, Questions

Q: Will there be a new contracted travel agency?

A: No, there is no travel agency that will be contracted through the State. There are a few travel agencies that the agencies can use if the agency needs their assistance.

Future Agenda Items

Emphasis on Electronic Payments (Direct Deposit & ACH)

Internal Controls

Payroll Card and Direct Deposit

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

Meeting adjourned at 3:25 p.m.

The next meeting is scheduled for Tuesday, January 22, 2008 at 2:00 p.m. in the General Accounting Office.