



GAO Technical Bulletin

Arizona Department of Administration ♦ General Accounting Office

Subject:	<i>Continuity of Operations: Employee and Vendor Payments</i>	Issued:	10/02/12
Manual Section(s):	N/A	Effective:	10/02/12
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TO: Technical Bulletin Administrators
All Agencies

FROM: D. Clark Partridge
State Comptroller

AUTHORITY

A.R.S. § 41-703 Duties of director
A.R.S. § 41-722 Powers and duties relating to finance

DEFINITIONS

AFIS: Arizona Financial Information System; the State's principal automated accounting system.

Agency: Any department, authority, board, commission, council, administration, court, registrar, office, institution, or other entity in the Executive, Legislative, or Judicial branch of Arizona State Government. In contexts that are directive in nature, the use of the term "agency" may imply that employee or those employees within the organization—such as the agency head, the CFO, etc.—responsible for carrying out the procedures under consideration.

Agency head: The chief executive officer of any agency.

Continuity of operations: A plan, initiative, or set of procedures and protocols adopted to ensure the continued performance of essential functions under a broad range of circumstances.

DEMA: Arizona Department of Emergency and Military Affairs; that agency that, through its Division of Emergency Management, is responsible for the coordination of emergency services during disasters.

Emergency P-Card limit: The amount of purchases or payments that can be made using a particular P-Card when emergency P-Card limits are in effect.

Employee: Any individual being paid compensation under the authority of any payroll system of the Government of the State of Arizona.

ERE: Employee/employment related expenses/expenditures; additional costs, borne by the employer, that relate to the employee. Such costs include, but are not limited to, the employer's share of payroll taxes, pension contributions, insurance, etc.

ETE: Employee Time Entry, the electronic timesheet module of HRIS.

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FEMA: Federal Emergency Management Agency; an agency within the U.S. Department of Homeland Security responsible for the coordination of governmental responses to disasters.

Form GAO-PC-101: P-Card Cardholder Agreement form.

Form GAO-COOP-101: Agency/Division Emergency P-Card Limit Request form.

Form GAO-COOP-102: Business Interruption Event P-Card Expenditure form. An electronic form used to collect and summarize costs paid by P-Card during an interruption event.

Form GAO-COOP-103: Business Interruption Event Employee Time Report form. A form to be used to collect and categorize employee time worked during an interruption event.

GAO: General Accounting Office; a division of the Arizona Department of Administration.

GAO Website: The official website of the GAO at <http://www.gao.az.gov/>.

Handwrite: A manually produced check, draft or warrant.

He/him/his: For brevity and clarity, masculine singular pronouns are used throughout. Feminine or plural pronouns may be substituted, as appropriate.

HRIS: The Human Resources Information Solution; the State's principal automated payroll and human resources program.

Intermediate-term: Of an indefinite, but not brief, period after an interruption event. Intermediate-term effects continue beyond short-term events, but end before long-term effects do. An intermediate-term effect, depending upon context and circumstance, might last from two (2) weeks to nine (9) months after an interruption event.

Interruption event: Any incident that severely disrupts government functions. An interruption event, for the purposes of this technical bulletin, presupposes that access to AFIS, HRIS or both has been interrupted.

Leave: A compensated or uncompensated absence from work while still employed.

LEMO Forms: A series of electronic worksheets, forms and directions published by DEMA. These forms are used to accumulate costs incurred during certain disasters that may be recoverable from FEMA. The acronym LEMO stands for Labor, Equipment, Materials and Other.

Long-term: Of an indefinite, but relatively lengthy, period after an interruption event. Long-term effects continue beyond intermediate-term events. A long-term effect, depending upon context and circumstance, might last from three (3) months to more than nine (9) months after an interruption event.

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Normal P-Card limit: The amount of purchases or payments that can be made using a particular P-Card when emergency P-Card limits are not in effect.

P-Card: A card provided through State contract to State employees, State organizations, or State departments for the purpose of conducting purchase or payment activities for a valid public purpose.

Pay period: A period of two consecutive workweeks; compensation for these two workweeks is totaled and remitted to the employee during the pay week. A calendar of the State’s pay periods for the year can be found at <http://www.gao.az.gov/publications/payrollreport/default.asp>.

Payroll: The act, activity or product of producing employee compensation payments to employees.

Short-term: Of an indefinite but relatively brief period immediately after an interruption event. Depending upon context and circumstance, a short-term effect might range between three (3) days and two (2) weeks.

State P-Card contractor: The contractor with which the State has contracted to provide P-Card services.

State Comptroller: A chief financial officer of the State of Arizona and principal executive of the GAO, or his designee.

State’s servicing bank: The financial institution under contract to provide banking services for the State.

Vendor: An entity that, or a person other than an employee who, furnishes goods or services in exchange for payment.

INTRODUCTION

Any number of events—natural, man-made, budgetary, legal, etc.—could interrupt the normal operations of the Government of the State of Arizona. Some of these events could be of such short duration or limited impact that the effects of the interruption are minimal or even pass unnoticed by most. Others, however, could result in fairly long or wide ranging suspensions of certain types of activities. The delay of some activities would be inconsequential, but the delay of others calamitous.

Among the activities for which the GAO is to a greater or lesser extent responsible are the processing of payments to employees and vendors. The consequences of a significant delay in paying either vendors or employees could be dire.

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It is impossible to predict the occurrence, nature or duration of an interruption event. It is equally impossible to define with any meaningful and non-arbitrary specificity the terms short-term, intermediate-term and long-term as they may involve different, sometimes overlapping, durations depending upon the underlying operations to which they may be applied. It is nonetheless desirable to establish certain policies, procedures and guidelines that may mitigate the negative effects of an interruption event should one occur. It is to that end this technical bulletin is written.

POLICIES & PROCEDURES

1. For short-term interruption events, the following apply:
 - a. In the case of vendor warrants, no special, statewide actions will be taken. In the case of vendor payments, the delay of which would endanger human safety or incur significant financial penalties, agencies may, if possible under the then prevailing circumstances, contact the GAO to arrange for the production of a handwrite.
 - b. In the case of payroll, while there may be a minimal delay in producing and distributing a payroll, no special, statewide actions will be taken. This will largely depend on the timing of the interruption event within the pay period.
2. For intermediate-term interruption events, the following apply:
 - a. Vendor payments will be made by agencies using their P-Card(s).
 - i. This means that every agency must have one or more P-Cards. If any agency does not currently have a P-Card, it must acquire one for one of its staff immediately. Acquiring a P-Card is accomplished by:
 - 1) Having agency management and any staff to be issued a P-Card familiarize themselves with the contents of Technical Bulletin 08-01, *Statewide Purchasing Card (P-Card) Policies and Procedures* (as well as any additional or subsequent policies relating to the use of P-Cards).
 - 2) Filling out the P-Card Enrollment Package found on the GAO Website at <http://www.gao.az.gov/cardinfo/default.asp> and forwarding it to afis.operations@azdoa.gov.
 - 3) Having the agency employee or employees to whom a P-Card is to be issued fill out a P-Card Cardholder Agreement, form GAO-PC-101, found on the GAO Website at <http://www.gao.az.gov/onlineforms/default.asp>.
 - ii. Since P-Cards are issued to a named individual and not to the agency itself, the agency head or his delegate is responsible for making sure, given turnover in personnel, that the agency has at all times at least one staff member with a P-Card in

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his possession. In the case of larger agencies, the number of current P-Cards should be increased to one for each division.

iii. In the event of the prospect of an intermediate- or long-term interruption event, the GAO will automatically raise agency normal P-Card limits to the applicable, pre-approved emergency limits.

- 1) An agency should request its emergency P-Card limit using an Agency/Division Emergency P-Card Limit Request, Form GAO-COOP-101, found on the GAO Website at <http://www.gao.az.gov/onlineforms/default.asp>. Initially, these forms should be completed and forwarded to the State Comptroller by December 31, 2012. Thereafter, these forms should be updated annually on a calendar year basis or more frequently if operational needs or personnel changes should so dictate.
- 2) The P-Cards of those individuals not named on the Form GAO-COOP-101 may, at the discretion of the GAO, be suspended during the interruption event as an internal control measure.
- 3) The GAO will make arrangements with the State P-Card contractor to directly discharge balances when due, drawing against division, agency or State funds as necessary under the circumstances. A reconciliation, reallocation and adjustment process is likely to be required after resumption of normal operations.
- 4) All P-Card expenditures made during an interruption event are to be recorded weekly using the Form GAO-COOP-102. These forms are to be completed no less frequently than monthly and are to be retained by the agency until they can be forwarded to the GAO electronically.

The Form GAO-COOP-102 is available on and may be downloaded from the GAO Website at <http://www.gao.az.gov/onlineforms/default.asp>.

- 5) P-Card expenditures relating directly to the management of or the recovery from the interruption event that may be recovered from FEMA are to be entered into DEMA's LEMO Forms, which can be retrieved from the GAO Website at <http://www.gao.az.gov/onlineforms/default.asp>.
 - 6) The increase of P-Card limits is not to be construed as an increase of spending authority.
 - 7) When the interruption event is concluded, P-Card limits will be returned to normal.
- b. Employee payments will be made as accurately and timely as possible during any interruption event:

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- i. If the GAO has communicated to agencies that it has access to HRIS or ETE while agencies do not, agencies are to submit a completed Form GAO-COOP-103, Business Interruption Employee Time Report, an electronic spreadsheet, available on the GAO Website, at <http://www.gao.az.gov/onlineforms/default.asp>. These forms are to be completed and forwarded by whatever means available (electronically by email to central.payroll@azdoa.gov, if at all possible, by hard copy to the GAO, if not) so as to reach the GAO not later than the close of business on the last day of the pay period upon which the form is reporting.
 - ii. If neither the GAO nor agencies have access to HRIS or ETE, the GAO will direct the State's servicing bank or other approved and then functioning information technology resource to rerun the prior pay period's payment records. This will inevitably result in a limited number of overpayments, non-payments, incorrect leave balances, improper reimbursements, etc. These inaccuracies will be corrected as soon as practicable after the resumption of normal operations.
 - iii. Employees' time recorded on the Form GAO-COOP-103 relating directly to the management of or the recovery from the interruption event that may be recovered from FEMA are to be entered into DEMA's LEMO Forms, which can be retrieved from the GAO Website at <http://www.gao.az.gov/onlineforms/default.asp>.
3. The procedures outlined above will, in the event of a long-term interruption event, continue until the resumption of normal operations.
 4. The GAO will make every attempt to communicate with agency management and accounting and payroll personnel during interruption events.
 5. Though access to AFIS and HRIS may be curtailed during interruption events, agencies are nonetheless cautioned to keep track of payroll, ERE, as well as other expenditures and obligations at such time to prevent exceeding their legal spending authority.

ON-LINE AVAILABILITY

Copies of all Technical Bulletins and many GAO Forms are available for viewing and downloading from the General Accounting Office Website located at:

<http://www.gao.az.gov>

AREAS IMPACTED

All State agencies.

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QUESTIONS, COMMENTS, CONCERNS, RECOMMENDATIONS AND FEEDBACK

If you have any questions concerning this Technical Bulletin, please contact your GAO Liaison.

We welcome your comments, concerns, recommendations and feedback. You are invited to send your suggestions to us at:

gaopolicy@azdoa.gov