

# **State of Alaska FY2002 Governor's Operating Budget**

Department of Administration  
Finance  
Component

## Component: Finance

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## Component Mission

The mission of the Division of Finance is to provide accountability of the State's financial resources.

## Component Services Provided

- Payroll processing and accounting for all three branches of state government
- General ledger accounting including budgets and vendor payments for all three branches of government
- Production of the State's Comprehensive Annual Financial Report and other statewide reporting responsibilities
- Electronic commerce services including electronic vendor payments, purchasing card management and processing, travel card management and processing
- User documentation and information technology to support all services

## Component Goals and Strategies

PROVIDE EACH STATE AGENCY WITH THE FINANCIAL POLICY, EXPERTISE, TOOLS, AND INFRASTRUCTURE IT NEEDS TO ACCOMPLISH ITS INDIVIDUAL AGENCY MISSION

- Provide flexible accounting and payroll systems so that each agency may manage its human and other resources at the optimum levels.
- Use professional accounting staff to develop and implement financial policies and procedures that are compliant with Generally Accepted Accounting Principles (GAAP).
- Provide all state agencies with access to contemporary automated business processes such as purchasing cards, travel management systems, and electronic vendor payments.

## Key Component Issues for FY2001 – 2002

- Adequate staffing - The Division of Finance is comprised primarily of information technology and accounting professionals. Attracting and retaining these individuals in the current job market is an ongoing challenge. We need to provide training programs and other motivators as incentives to join and stay with our organization.
- Merging of purchasing cards and travel cards into a one-card program - The current trend is toward a single card for both purchases and travel. Cardholders find it more convenient and the associated overhead is limited to a single system. Software options are emerging that manage one-cards with web browser technology. We plan to take this route when replacing the expiring contract for purchasing cards.
- Continued improvement of training and documentation - The systems and policies for which we are responsible change constantly and new users are added every day. Keeping the training sessions and documentation current requires substantial effort.
- Payroll system changes - Vendor support for the payroll system is being discontinued for the current database. The immediate fix is a database conversion to extend the life of the system. Replacement of the current system will eventually be necessary, and a capital project has been proposed for researching replacement options.
- Paperless technologies - We are participating in the statewide digital signature/PIN development effort to move toward paperless transactions. Internally, we are beginning workflow analysis for many of the paper forms used to administer the accounting and payroll functions. Depending on the outcome of this analysis, we will move work from these paper forms to electronic means over the next few years.

## Major Component Accomplishments for FY2000

The purchasing card program has been stabilized and rolled out to twelve Executive Branch agencies, as well as the Legislative Branch and Court System. The travel card program is used to some degree by all agencies. Implementing these statewide programs taught us much that will be used to improve the process in years to come.

Expanded electronic payment capability to all vendors selected by state agencies. Initializing the capability requires cooperation between agencies, vendors, and the vendors' bank. Once the link is established, this function speeds payment securely directly between the state and the vendor's bank.

Redesigned our website and added a variety of resources used by state agencies. Documentation available over the web includes downloadable versions of the Alaska Administrative Manual, the Accounting Procedures Manual, and the AKSAS Handy Guide. Many of the forms used to administer the accounting and payroll functions can be downloaded. Information specific to the purchasing card program and our electronic payment function has been added. As a result, these materials are always current and available to our users anywhere an Internet connection exists.

## Statutory and Regulatory Authority

### Alaska Statutes Description

09.35.330	Attachment of salary, wages, etc. of employees (mandate)
14. 40.170	Procedures for care, control, and management by the University of Alaska (UA) Board of Regents of UA monies, receipts, and disbursements.
15. 40.290	UA property and funds generally
16. 40.400	Fund for money from sale or lease of land granted by Act of Congress.
17. 43.325	Funding. (b) payments to the memorial scholarship revolving loan fund.
18. 40	Labor organizations
19. 45.280	Unclaimed property
20. 45.320	Payment or delivery of abandoned property
21. 05.020	Adoption of regulations
22. 05.040	Legal custody of records
23. 05.130	General Powers, responsible for all accounts and purchases
24. 05.140	Accounting System
25. 05.142	Accounting for Program Receipts
26. 05.150	Fund and Accounts
27. 05.165	Petty Cash Accounts
28. 05.170	Restrictions on payments and obligations
29. 05.180	Two-year limitation on payment of warrants
30. 05.190	Pre-audit of Claims
31. 05.200	Pre-audit of Receipts
32. 05.210	Fiscal Reporting and Statistics
33. 05.285	Payment for State Purchases
34. 05.500	Special Funds
35. 05.510	Working Reserve Account
36. 05.910	Applicability to University of Alaska (uniform financial procedures)
37. 05.920	Fiscal Year
38. 10.010	Disbursements
39. 10.030	Responsibility of officer or employee approving or certifying voucher
40. 10.088	Department of Administration authorized to make advances to the University
41. 15.012	Continuing debt service appropriation
42. 15.015	General Obligation Bonds
43. 15.120	Regulations for bonds
44. 15.140	Bond Committee Duties
45. 15.170	State bond committee to certify annual principal, interest, and reserve requirements
46. 25.010	Unexpended Balance of One Year Appropriations
47. 25.020	Unexpended Balance of Appropriations for Capital Projects
48. 20	Compensation and Allowances

- 49. 27.025 Shift Differential
- 50. 30 Insurance and Supplemental Employee Benefits
- 51. 35.680 Definition of Compensation for Retirement System.
- 52. 40 U.S. Savings Bonds
- 53. 45 Deferred Compensation Plan
- 43.05.170 Payment of Warrants
- 44.17.010 Delegation of functions
- 44.17.030 Adoption of regulations
- 44.21.020 Duties of the Department. (2) keep general accounts, (3) approve vouchers and disburse funds for all purposes.
- 44.21.040 Records or accounts of Claims and Warrants
- 44.62 Administrative Procedure Act
- 44.77 Claims against the State

- Federal Requirements
- Internal Revenue Code
- Federal Insurance Contributions Act
- Fair Labor Standards Act
- Federal Unemployment Tax Act
- Family and Medical Leave Act
- Federal Child Support Regulations
- Federal Maritime Act
- Cash Management Improvement Act
- Freedom of Information Act
- North American Free Trade Agreement (NAFTA)
- U. S. Office of Management and Budget - Circular A-87, Cost Principles for State and Local Governments
- V. S. Office of Management and Budget - Circular A-102, Grants and Cooperative Agreements with State and Local Governments
- W. S. Office of Management and Budget - Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations

### Key Performance Measures for FY2002

**Measure: The amount of penalty pay for the state's central payroll**  
*(Added by Legislature in FY2001 version.)*

**Measure: The number of audit exceptions**  
*(Added by Legislature in FY2001 version.)*

**Measure: The date the Comprehensive Annual Financial Report is completed.**  
*(Added by Legislature in FY2001 version.)*

**Measure: The down time for the Alaska Statewide Accounting System and the Alaska Statewide Payroll System.**  
*(Added by Legislature in FY2001 version.)*

### Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• The amount of penalty pay for the state's central payroll			X		
• The number of audit exceptions			X		

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> <li>• The date the Comprehensive Annual Financial Report is completed.</li> <li>• The down time for the Alaska Statewide Accounting System and the Alaska Statewide Payroll System.</li> </ul>			X		
			X		

**Finance**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	3,016.5	3,207.0	3,211.0
72000 Travel	31.3	3.0	3.0
73000 Contractual	2,489.7	2,339.9	2,661.6
74000 Supplies	34.8	29.2	29.2
75000 Equipment	63.6	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>5,635.9</b>	<b>5,579.1</b>	<b>5,904.8</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	4,832.3	4,633.8	4,661.9
1007 Inter-Agency Receipts	795.1	808.7	1,130.4
1053 Investment Loss Trust Fund	0.0	24.1	0.0
1108 Statutory Designated Program Receipts	8.5	112.5	112.5
<b>Funding Totals</b>	<b>5,635.9</b>	<b>5,579.1</b>	<b>5,904.8</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
Unrestricted Fund	68515	13.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>13.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Interagency Receipts	51015	795.1	808.7	1,130.4	1,130.4	1,130.4
Statutory Designated Program Receipts	51063	8.5	112.5	112.5	112.5	112.5
Investment Loss Trust Fund	51393	0.0	24.1	24.1	0.0	0.0
<b>Restricted Total</b>		<b>803.6</b>	<b>945.3</b>	<b>1,267.0</b>	<b>1,242.9</b>	<b>1,242.9</b>
<b>Total Estimated Revenues</b>		<b>816.6</b>	<b>945.3</b>	<b>1,267.0</b>	<b>1,242.9</b>	<b>1,242.9</b>

## Finance

### Proposed Changes in Levels of Service for FY2002

Traditionally the Division of Finance has provided basic, centralized accounting services to state agencies. Most commonly these services have been provided through the State's statewide accounting system (AKSAS), the State's statewide payroll system (AKPAY), and related systems. More recently Finance has begun focus on enhancements to the State's financial and administrative business processes such as electronic vendor payments, purchasing cards for small purchases, travel cards for employees traveling on official state business, and other electronic commerce initiatives. In FY2002, the division will continue to focus on these ancillary systems and their smooth integration into statewide accounting services.

### Summary of Component Budget Changes

#### From FY2001 Authorized to FY2002 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	4,657.9	0.0	921.2	5,579.1
<b>Adjustments which will continue current level of service:</b>				
-Year 2 Labor Costs - Net Change from FY2001	4.0	0.0	0.0	4.0
<b>Proposed budget increases:</b>				
-Fund at FY2001 Level	0.0	0.0	321.7	321.7
<b>FY2002 Governor</b>	<b>4,661.9</b>	<b>0.0</b>	<b>1,242.9</b>	<b>5,904.8</b>

## Finance

## Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	47	47	Annual Salaries	2,432,139
Part-time	0	0	COLA	43,944
Nonpermanent	1	1	Premium Pay	30,506
			Annual Benefits	860,236
			<i>Less 4.63% Vacancy Factor</i>	<i>(155,825)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>48</b>	<b>48</b>	<b>Total Personal Services</b>	<b>3,211,000</b>

## Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	0	0	6	0	6
Accountant IV	0	0	6	0	6
Accountant V	0	0	2	0	2
Accounting Clerk II	0	0	2	0	2
Accounting Tech I	0	0	2	0	2
Accounting Tech II	0	0	1	0	1
Accounting Tech III	0	0	1	0	1
Administrative Assistant	0	0	1	0	1
Administrative Clerk I	0	0	1	0	1
Administrative Svcs Mgr	0	0	1	0	1
Analyst/Programmer I	0	0	1	0	1
Analyst/Programmer III	0	0	3	0	3
Analyst/Programmer IV	0	0	7	0	7
Analyst/Programmer V	0	0	2	0	2
College Intern I	0	0	1	0	1
Division Director	0	0	1	0	1
Payroll Manager	0	0	1	0	1
Payroll Specialist I	0	0	2	0	2
Payroll Specialist II	0	0	1	0	1
Personnel Asst I	0	0	1	0	1
Personnel Asst II	0	0	2	0	2
Personnel Specialist I	0	0	2	0	2
State Accountant	0	0	1	0	1
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>48</b>	<b>0</b>	<b>48</b>