

State of Alaska FY2002 Governor's Operating Budget

Department of Transportation/Public Facilities
Administrative Services
Budget Request Unit

Administrative Services Budget Request Unit

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BRU Mission

The mission of the Division of Administrative Services is to support the department's operations with quality administration and information technology.

BRU Services Provided

- Provides centralized services in the areas of personnel and payroll, internal equal employment reporting for federal programs, budget, finance, cost allocation plans, collection of federal and other revenue.
- Development of policies and procedures.
- Oversight of the State Equipment Fleet and Highway Working Capital Fund.
- Liaison between DOTPF and the Dept. of Administration for financial, personnel, payroll, and information technology directives.
- Liaison with the Office of Management and Budget and the Legislature relating to budget issues.
- Funds the day-to-day operational support for the department in 85 locations throughout the state.
- Provides and maintains essential information technologies supporting the department's mission.

BRU Goals and Strategies

Provide administrative and technological support that results in the most efficient delivery of department services to the public.

- Balance changes that reduce cost against the risks of errors and the ultimate impact on the public.
- Collect federal reimbursements as soon as possible.
- Reduce department exposure to liability lawsuits and grievances by providing guidance to personnel at the regional level.
- Process payroll in an accurate and cost effective manner.
- Maintain the position classification function in a cost-effective manner in accordance with State of Alaska merit system principles.
- Bill, collect, and post landing fees for rural airports to assure uninterrupted air service to rural communities.
- Audit ferry terminal sales reports and collect credit card generated revenues.
- Plan, implement, and maintain software applications and information technology infrastructure which support statewide department functions.
- Provide and maintain quality local area network, desktop, application support and training.

Key BRU Issues for FY2001 – 2002

The Division will continue to analyze services it provides in an effort to find the most efficient and effective methods of service delivery. Areas currently under review, or in initial stages of implementation include an automated system to streamline timesheet processing, improved financial monitoring of capital projects, improvements to the federal project closure process, and implement a pilot project to pay contractors electronically.

Assistance to division managers continues to be difficult when facing increasing federal construction programs, no increase in administrative staff, increased reliance on contracted services, continually changing technology, changing administrative rules for federal indirect cost participation, and decreasing general fund support.

The Governmental Accounting Standards Board statement No. 34 adopted in June 1999 requires the reporting of infrastructure in the state's annual financial reports. During FY01 decisions need to be made and implementation plans formulated to meet this reporting requirement. Requirement analysis is needed to determine what data and

systems currently exist that can be used to meet these requirements. Finally, a process is needed to be developed for documenting and reporting the costs of infrastructure assets.

The Federal Aviation Administration (FAA) has developed new policies that require 90% of all Airport Improvement (AIP) projects over four years old to be closed or new grant funds will be withheld from the state. Review and improvement of closure processes is necessary not just to assure compliance with FAA, but for prompt closure of all construction projects.

Major BRU Accomplishments for FY2000

- Received no audit findings from the Office of the Inspector General upon completion of their review of department accounting for the AIP funded through FAA.
- Assisted regional project control offices with the closure of 90% of all FAA grants over four years old.
- Successfully incorporated recommended efficiencies into the department's Indirect Cost Allocation Plan for FY01 developed in FY00.
- Converted Alaska Marine Highway System (AMHS) Vessel Employee Leave Accrual processing to AKPAY (State payroll system).
- Successfully tested, converted and upgraded systems and avoided significant difficulties related to Y2K.
- Completed programming of the AMHS Human Resource system to reflect new vessel employee contract changes.
- Completed the migration from Historian to Registrar (tracking program for training).
- Designed and implemented a Taxable Travel System using Pilot Java/Corba Web application (a program that calculates taxable travel per diem).
- Completed a Perl based Web search engine for the T2 (Technology Transfer) Library in Northern Region. The Web applications allow the public to query the T2 Library for documents, videos, etc.
- Assisted in the implementation of the BuySpeed database (an automated procurement system). BuySpeed was installed on users workstations and the program is operational.
- Installed AMHS wireless bridge and server for each vessel providing network communications with the fleet.
- Successfully tested electronic payments to contractors and other large vendors.
- Received high marks and no adverse findings from an intensive special legislative audit on AMHS revenues.
- Implemented and tested new taxable travel compensation system.

Key Performance Measures for FY2002

Measure: Maintain the average time for payment to vendors at 29 days or less.

(Developed jointly with Legislature in FY2001.)

Current Status:

Over the past three years the department has maintained an average of 24 days to pay vendors. Through the first quarter of FY01 the department is continuing to maintain a 24 day average for processing invoices.

Benchmark:

- A. S. 37.05.285 states, "Payment for purchases of goods or services provided a state agency shall be made by a required date that is 30 days after receipt of a proper billing for the amount of the payment due, if a date on which payment is due is not established by contract and if the billing contains or is accompanied by documents required by the contract or purchase order."

Background and Strategies:

During FY00, the department processed an average of 11,178 invoices at \$6,810 per invoice each month. Over that time period the department processed payments within 24 days. The complexities of the invoices being processed vary from basic monthly maintenance contracts to construction related progress payments. The ability to make payments on contracts require appropriate sign-offs by project engineers and managers indicating satisfactory completion of tasks. Additionally, invoices must be approved regarding adequate budgetary authority. Payment delays can be caused by the many hand-offs that occur receiving approvals, mail time between offices, errors in the invoice, errors in account coding, and inadequate funding levels.

The number of administrative staff continues to stay static or be reduced and the volume of accounting activity is increasing due to larger federal programs. Because of this, the department is constantly looking for methods to improve the processing of payments. Peer groups continue to meet to identify areas of improvement such as utility payments.

Recently the department has implemented the use of purchasing cards (P-Card). This allows the purchase of small dollar supply items with a credit card. This reduces the number of warrants issued since only a single warrant is needed for the credit card company. In FY00 4,600 invoices were paid using P-Card. Credit cards are also used for travel related expenditures.

Also, within the past few months the department has begun paying construction contractors through electronic deposit (EDI). So far there are 21 vendors signed up to receive payments through EDI and 48 payments have been processed in the past month using EDI.

Measure: The percentage reduction in payroll calculation errors.
(Developed jointly with Legislature in FY2001.)

Current Status:

The Division has just begun tracking the extent of payroll calculation errors. It is believed that the complexity of many of the labor agreements create processes that are contributing to payroll errors. Because we have not previously collected data regarding the number and type of errors, we cannot identify which processes are causing errors and therefore need to be fixed.

Benchmark:

We are not aware of any state comparisons that are available.

Background and Strategies:

The department has anywhere from 2,700 to 3,200 employees at any given time. These employees are covered by eight different bargaining units, including three marine unions. The complexities involved with calculating payroll are increased even more depending on such factors as which vessel an employee is located and their working status. Time constraints, shortage of staff due to budget reductions, illness or vacations, changing union agreements, and general staff turnover contribute to a potentially high error rate.

The department is always looking at methods to improve the delivery of services. A possible means of reducing errors could be the electronic submission of timesheets, thus increasing the amount of time available for calculation and review. Another possible change is having electronic timesheets that are able to automatically calculate some of the payroll. Both of course will take time and resources to implement.

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>
<ul style="list-style-type: none"> Whether the average time for payment to vendors is 29 days or less. The percentage reduction in payroll calculation errors. 		X	X		

Administrative Services
BRU Financial Summary by Component

All dollars in thousands

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
None.												
Non-Formula Expenditures												
Statewide Admin Services	1,075.7	0.0	637.4	1,713.1	1,163.7	0.0	629.2	1,792.9	1,166.4	0.0	617.2	1,783.6
Statewide Information Systems	1,520.0	0.0	496.5	2,016.5	1,312.5	50.4	553.1	1,916.0	1,329.4	0.0	623.3	1,952.7
State Equipment Fleet Admin	0.0	0.0	1,814.4	1,814.4	0.0	0.0	2,360.8	2,360.8	0.0	0.0	2,356.0	2,356.0
Regional Admin Services	1,458.1	0.0	1,880.7	3,338.8	1,568.8	0.0	1,983.7	3,552.5	1,641.9	0.0	1,957.0	3,598.9
Totals	4,053.8	0.0	4,829.0	8,882.8	4,045.0	50.4	5,526.8	9,622.2	4,137.7	0.0	5,553.5	9,691.2

Administrative Services

Proposed Changes in Levels of Service for FY2002

None.

Administrative Services

Summary of BRU Budget Changes by Component

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>
FY2001 Authorized	4,045.0	50.4	5,526.8	9,622.2
Adjustments which will continue current level of service:				
-Statewide Admin Services	2.7	0.0	-12.0	-9.3
-Statewide Information Systems	16.9	-50.4	49.2	15.7
-State Equipment Fleet Admin	0.0	0.0	-4.8	-4.8
-Regional Admin Services	73.1	0.0	-26.7	46.4
Proposed budget increases:				
-Statewide Information Systems	0.0	0.0	21.0	21.0
FY2002 Governor	4,137.7	0.0	5,553.5	9,691.2