

# **State of Alaska FY2003 Governor's Operating Budget**

## **Department of Administration Finance Component Budget Summary**

## 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.
- Producing 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 FY2002 – 2003

- Adequate staffing - The Division of Finance is comprised primarily of information technology and accounting professionals. Attracting and retaining these individuals 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 contracts for purchasing cards and travel 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 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 in 2001

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. Some agencies have expanded their travel cards to include purchasing thereby allowing us to pilot one-card programs under the current

contract. We are building the foundation to replace these two separate card programs with a single one-card contract in FY2003.

Continued to expand electronic payment capability. These payments have grown dramatically from an average of \$5 million per month in FY2000, to \$13 million per month in FY2001, to \$34 million per month so far in FY2002. 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. The number of vendors has doubled in FY2002 as we have added many grantees and contractors at the request of several state agencies.

Improved our website by adding additional resources and ensuring all information remains current. 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. Part of our current redesign effort is to simplify backend maintenance of this substantial documentation library and to provide a newly designed menu system that makes it easier for users to navigate.

## 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.
14.40.290	UA property and funds generally
14.40.400	Fund for money from sale or lease of land granted by Act of Congress.
14.43.325	Funding. (b) payments to the memorial scholarship revolving loan fund.
23.40	Labor organizations
34.45.280	Unclaimed property
34.45.320	Payment or delivery of abandoned property
37.05.020	Adoption of regulations
37.05.040	Legal custody of records
37.05.130	General Powers, responsible for all accounts and purchases
37.05.140	Accounting System
37.05.142	Accounting for Program Receipts
37.05.150	Fund and Accounts
37.05.165	Petty Cash Accounts
37.05.170	Restrictions on payments and obligations
37.05.180	Two-year limitation on payment of warrants
37.05.190	Pre-audit of Claims
37.05.200	Pre-audit of Receipts
37.05.210	Fiscal Reporting and Statistics
37.05.285	Payment for State Purchases
37.05.500	Special Funds
37.05.510	Working Reserve Account
37.05.910	Applicability to University of Alaska (uniform financial procedures)
37.05.920	Fiscal Year
37.10.010	Disbursements
37.10.030	Responsibility of officer or employee approving or certifying voucher
37.10.088	Department of Administration authorized to make advances to the University
37.15.012	Continuing debt service appropriation
37.15.015	General Obligation Bonds
37.15.120	Regulations for bonds
37.15.140	Bond Committee Duties
37.15.170	State bond committee to certify annual principal, interest, and reserve requirements
37.25.010	Unexpended Balance of One Year Appropriations
37.25.020	Unexpended Balance of Appropriations for Capital Projects
39.20	Compensation and Allowances
39.27.025	Shift Differential
39.30	Insurance and Supplemental Employee Benefits

39.35.680 Definition of Compensation for Retirement System.  
39.40 U.S. Savings Bonds  
39.45 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

U.S. Office of Management and Budget - Circular A-102, Grants and Cooperative Agreements with State and Local Governments

U.S. Office of Management and Budget - Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations

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

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	3,057.4	3,211.0	3,495.5
72000 Travel	37.2	3.0	3.0
73000 Contractual	2,642.0	2,661.6	2,804.4
74000 Supplies	71.4	29.2	29.2
75000 Equipment	18.3	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>5,826.3</b>	<b>5,904.8</b>	<b>6,332.1</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	4,627.2	4,661.9	4,955.4
1007 Inter-Agency Receipts	1,157.0	1,130.4	1,264.2
1053 Investment Loss Trust Fund	24.1	0.0	0.0
1108 Statutory Designated Program Receipts	18.0	112.5	112.5
<b>Funding Totals</b>	<b>5,826.3</b>	<b>5,904.8</b>	<b>6,332.1</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
<b>Unrestricted Revenues</b>						
Unrestricted Fund	68515	23.7	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>23.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Interagency Receipts	51015	1,157.0	1,130.4	1,189.4	1,264.2	1,323.2
Statutory Designated Program Receipts	51063	18.0	112.5	112.5	112.5	112.5
Investment Loss Trust Fund	51393	24.1	0.0	0.0	0.0	0.0
<b>Restricted Total</b>		<b>1,199.1</b>	<b>1,242.9</b>	<b>1,301.9</b>	<b>1,376.7</b>	<b>1,435.7</b>
<b>Total Estimated Revenues</b>		<b>1,222.8</b>	<b>1,242.9</b>	<b>1,301.9</b>	<b>1,376.7</b>	<b>1,435.7</b>

## Finance

## Proposed Changes in Levels of Service for FY2003

Historically the Division of Finance has provided basic, centralized accounting services to state agencies. These services have been provided through the State's statewide accounting system (AKSAS), the State's statewide payroll system (AKPAY), and related systems. Over the past several years, Finance has focused 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 FY2003, the division will integrate the two card programs into a single one-card contract that will consolidate overhead associated with credit cards and more smoothly interface with AKSAS.

## Summary of Component Budget Changes

## From FY2002 Authorized to FY2003 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2002 Authorized</b>	<b>4,661.9</b>	<b>0.0</b>	<b>1,242.9</b>	<b>5,904.8</b>
<b>Adjustments which will continue current level of service:</b>				
-Year 3 Labor Costs - Net Change from FY2002	67.9	0.0	0.0	67.9
<b>Proposed budget increases:</b>				
-AKPAY Programmers for Aging Payroll System	225.6	0.0	0.0	225.6
-AKPAY/AKSAS Chargeback: Rates Approved by AST	0.0	0.0	133.8	133.8
<b>FY2003 Governor</b>	<b>4,955.4</b>	<b>0.0</b>	<b>1,376.7</b>	<b>6,332.1</b>

## Finance

## Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	47	50	Annual Salaries	2,672,752
Part-time	0	0	COLA	74,306
Nonpermanent	1	3	Premium Pay	23,000
			Annual Benefits	939,596
			<i>Less 5.77% Vacancy Factor</i>	(214,154)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>48</b>	<b>53</b>	<b>Total Personal Services</b>	<b>3,495,500</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 II	0	0	1	0	1
Analyst/Programmer III	0	0	2	0	2
Analyst/Programmer IV	0	0	10	0	10
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
Student Intern III	0	0	2	0	2
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>0</b>	<b>53</b>