

State of Alaska FY2004 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 accounting and payroll services for state government.

Component Services Provided

- General ledger accounting including budgets and vendor payments for all three branches of government.
- Payroll processing and accounting for all three branches of state government.
- Comprehensive Annual Financial Report and other statewide reporting responsibilities.
- Electronic commerce services including electronic vendor payments and the One Card Alaska credit card program.
- 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).

Key Component Issues for FY2003 – 2004

- 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.
- Aging technology – Our statewide accounting and payroll systems are built with technology that is no longer taught in most colleges. As they age, they are becoming more difficult to maintain. For example, 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, which will be complete during FY2003. Replacement of the current system will eventually be necessary, and a capital project is being initiated to research replacement options for our payroll and other statewide systems.
- Stabilization of the One Card Alaska credit card program – Under a new contract with First National Bank Alaska, the State has merged its purchasing cards and travel cards into a single program. The program was initiated during the summer of 2002, and the next challenge is to work through the implementation to optimize the administration of the newly merged program. The enhancement to AKSAS to accommodate electronic billing feeds will be completed and some administrative duties will be delegated to the individual agencies during FY2003.
- 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.
- Paperless technologies - We are continuing workflow analysis for many of the paper forms used to administer the accounting and payroll functions. We plan to use the outcome of this analysis to move work from these paper forms to electronic means over the next few years, hopefully as part of an integrated replacement solution for the aging legacy accounting and payroll systems.

Major Component Accomplishments in 2002

We initiated the One Card Alaska program with First National Bank Alaska. This state-of-the-art credit card program

allows state agencies to tailor their purchasing and travel expenditure programs within statewide standards to best meet their individual needs. The new contract replaced two separate contracts for purchasing and travel cards with out-of-state banks. We also eliminated third-party client server software for integrating the billing process into the statewide accounting system. It is being replaced with AutoPay, a major enhancement to our accounting system that solves tax reporting problems and creates electronic payment transactions for review and certification by each agency.

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 \$27 million per month in FY2002. Initializing the capability requires cooperation between agencies, vendors, and the vendor's bank. Once the link is established, this function speeds payment securely directly to the vendor's bank. The number of vendors continues to grow as we add grantees and contractors at the request of 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 One Card Alaska 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 the 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	Payments to the memorial scholarship revolving loan fund
23.30.175	Computation for Workers' Compensation
23.30.220	Determination of spendable weekly wage for Workers' Compensation
23.40	Labor organizations
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 (includes interest provisions)
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
37.10.050	Charges for state services; collection, accounting, and deposit of state money
37.10.088	Department of Administration authorized to make advances to the University
37.15.012	Continuing debt service appropriation
37.15.170	State bond committee to certify annual principal, interest, and reserve requirements
37.25.010	Unexpended balances of one-year appropriations
37.25.020	Unexpended balances of appropriations for capital projects

39.20 Compensation and allowances (includes travel regulations)
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 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

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,109.8	3,211.0	3,214.4
72000 Travel	42.6	3.0	3.0
73000 Contractual	2,699.3	2,795.4	2,933.6
74000 Supplies	33.7	29.2	29.2
75000 Equipment	27.3	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
Expenditure Totals	5,912.7	6,038.6	6,180.2
Funding Sources:			
1004 General Fund Receipts	4,661.2	4,661.9	4,665.3
1007 Inter-Agency Receipts	1,168.1	1,264.2	1,402.4
1061 Capital Improvement Project Receipts	48.6	0.0	0.0
1108 Statutory Designated Program Receipts	34.8	112.5	112.5
Funding Totals	5,912.7	6,038.6	6,180.2

Finance

Proposed Changes in Levels of Service for FY2004

Historically the Division of Finance has provided centralized accounting and payroll services to state agencies. These services have been provided through the statewide accounting system (AKSAS) and the statewide payroll system (AKPAY). These systems are nearing the end of their life cycle, the Division of Finance is leading a review of requirements for our statewide systems and developing a business case identifying replacement options.

Summary of Component Budget Changes

From FY2003 Authorized to FY2004 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	4,661.9	0.0	1,376.7	6,038.6
Adjustments which will continue current level of service:				
- \$75 per Month Health Insurance Increase for Non-covered Staff	3.4	0.0	0.0	3.4
Proposed budget increases:				
-AKPAY and AKSAS Chargeback	0.0	0.0	138.2	138.2
FY2004 Governor	4,665.3	0.0	1,514.9	6,180.2

Finance

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2003</u> <u>Authorized</u>	<u>FY2004</u> <u>Governor</u>		
Full-time	47	47	Annual Salaries	2,586,996
Part-time	0	0	Premium Pay	0
Nonpermanent	3	3	Annual Benefits	903,868
			<i>Less 7.95% Vacancy Factor</i>	<i>(277,637)</i>
			Lump Sum Premium Pay	1,173
Totals	50	50	Total Personal Services	3,214,400

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	1	0	1
Accounting Tech I	0	0	3	0	3
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	2	0	2
Analyst/Programmer IV	0	0	8	0	8
Analyst/Programmer V	0	0	2	0	2
College Intern III	0	0	1	0	1
Division Director	0	0	1	0	1
Human Resource Technician II	0	0	2	0	2
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 II	0	0	1	0	1
Personnel Specialist I	0	0	2	0	2
State Accountant	0	0	1	0	1
Student Intern III	0	0	2	0	2
Totals	0	0	50	0	50