

State of Alaska FY2005 Governor's Operating Budget

Department of Administration Finance Component Budget Summary

Contents

<i>Component: Finance</i>	3
<i>End Results</i>	3
<i>Strategies to Achieve Results</i>	3
Component Financial Summary.....	10
Summary of Component Budget Changes.....	11
Personal Services Information.....	12

Component: Finance

Contribution to Department's Mission

The mission of the Division of Finance is to provide accounting and payroll services for state government.

Core Services

- 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.

End Results	Strategies to Achieve Results
<p>(1) State payroll processing is accurate and timely.</p> <p><u>Target:</u> 100% of payroll transactions are in accordance with bargaining unit language and labor law. <u>Measure:</u> Percentage of payroll expenditures processed without penalty pay caused by central processing problems.</p> <p><u>Target:</u> Reduce unscheduled downtime of the statewide payroll system (AKPAY) by 50%. <u>Measure:</u> Unscheduled down time of AKPAY as a percentage of scheduled availability.</p> <p>(2) Support all state programs by ensuring that vendors and grantees are paid accurately and timely.</p> <p><u>Target:</u> Payments to vendors and grantees processed within one business day of certification. <u>Measure:</u> Percent of payments processed within one business day of certification.</p> <p><u>Target:</u> Increase efficiency by reducing print costs of AKSAS processing by 5% per year. <u>Measure:</u> Cost of AKSAS print in current year relative to prior year.</p> <p>(3) Improve efficiency of credit card program for state agencies.</p> <p><u>Target:</u> Eliminate delinquent payments. <u>Measure:</u> Percent of payments that are delinquent.</p> <p><u>Target:</u> Obtain rebate on purchases of at least \$20,000. <u>Measure:</u> Amount of rebate received from card provider.</p> <p><u>Target:</u> Increase percent of accounts that are corporate liability to 100%. <u>Measure:</u> Number of corporate liability accounts as a percentage of total number of accounts.</p>	<p>(1) Modify AKPAY to comply with updated bargaining unit agreements and labor laws.</p> <p><u>Target:</u> Identify, log, and install 75% of changes necessary per new bargaining unit agreements and new laws by due date. <u>Measure:</u> Percentage of payroll changes requests completed by due date.</p> <p>(2) Increase number of direct deposit recipients.</p> <p><u>Target:</u> 100% of state payroll distributed using direct deposit. <u>Measure:</u> Percentage of employees receiving payroll via direct deposit.</p> <p>(3) Maintain the statewide payroll system (AKPAY) in accordance with software maintenance agreement.</p> <p><u>Target:</u> Install software updates by vendor maintenance due date. <u>Measure:</u> Percentage of time within a year that system is within vendor specified maintenance requirements.</p> <p><u>Target:</u> Replace AKPAY while it is still operational. <u>Measure:</u> Approved replacement plan moving ahead.</p> <p>(4) Increase number of EDI (electronic data interchange) vendors.</p> <p><u>Target:</u> Increase number of EDI vendors by 10%. <u>Measure:</u> Percent change in EDI vendors.</p> <p>(5) Increase number of EDI payments by 10%.</p> <p><u>Target:</u> Percent change in EDI payments. <u>Measure:</u> Increase in dollars paid via EDI in current year divided by dollars paid in prior year.</p>

End Results	Strategies to Achieve Results
<p>(4) The state's financial position and results of operations are reported properly to interested parties.</p> <p><u>Target:</u> State financial reporting requirements are met. <u>Measure:</u> Reports required under AS 37.05.210.</p> <p><u>Target:</u> Federal and other external financial reporting requirements are met. <u>Measure:</u> 100% of requirements listed under activities and outputs are met.</p>	<p>(6) Move some reports from data center printers to online print facility.</p> <p><u>Target:</u> Increase number of reports generated, but not printed at data center by 10%. <u>Measure:</u> Number of reports generated, but not printed at data center.</p> <p><u>Target:</u> Increase percent of accounts that are corporate liability to 100%. <u>Measure:</u> Number of corporate liability accounts as a percentage of total number of accounts.</p> <p>(7) Maintain a professional accounting staff adequate to meet reporting requirements.</p> <p><u>Target:</u> Meet statutory deadlines to produce Comprehensive Annual Financial Report (CAFR) and Compensation and Travel Report of Executive Positions. <u>Measure:</u> Dates of publication compared to statutory deadlines.</p> <p><u>Target:</u> Maintain adequate structures for accountability. <u>Measure:</u> Funds and appropriations are established per authorizing legislation.</p> <p>(8) Receive GFOA Certificate of Achievement for Excellence in Financial Reporting for first time on audited CAFR.</p> <p><u>Target:</u> Beginning with FY 2003 CAFR, receive certificate annually. <u>Measure:</u> GFOA certificate</p>

FY2005 Resources Allocated to Achieve Results							
<p>FY2005 Component Budget: \$6,217,500</p>	<p>Personnel:</p> <table> <tr> <td>Full time</td> <td>44</td> </tr> <tr> <td>Part time</td> <td>0</td> </tr> <tr> <td>Total</td> <td>44</td> </tr> </table>	Full time	44	Part time	0	Total	44
Full time	44						
Part time	0						
Total	44						

Performance Measure Detail

(1) Result: State payroll processing is accurate and timely.

Target: 100% of payroll transactions are in accordance with bargaining unit language and labor law.
Measure: Percentage of payroll expenditures processed without penalty pay caused by central processing problems.

Target: Reduce unscheduled downtime of the statewide payroll system (AKPAY) by 50%.

Measure: Unscheduled down time of AKPAY as a percentage of scheduled availability.

(2) Result: Support all state programs by ensuring that vendors and grantees are paid accurately and timely.

Target: Payments to vendors and grantees processed within one business day of certification.

Measure: Percent of payments processed within one business day of certification.

Target: Increase efficiency by reducing print costs of AKSAS processing by 5% per year.

Measure: Cost of AKSAS print in current year relative to prior year.

(3) Result: Improve efficiency of credit card program for state agencies.

Target: Eliminate delinquent payments.

Measure: Percent of payments that are delinquent.

Target: Obtain rebate on purchases of at least \$20,000.

Measure: Amount of rebate received from card provider.

Target: Increase percent of accounts that are corporate liability to 100%.

Measure: Number of corporate liability accounts as a percentage of total number of accounts.

(4) Result: The state's financial position and results of operations are reported properly to interested parties.

Target: State financial reporting requirements are met.

Measure: Reports required under AS 37.05.210.

Target: Federal and other external financial reporting requirements are met.

Measure: 100% of requirements listed under activities and outputs are met.

(1) Strategy: Modify AKPAY to comply with updated bargaining unit agreements and labor laws.

Target: Identify, log, and install 75% of changes necessary per new bargaining unit agreements and new laws by due date.

Measure: Percentage of payroll changes requests completed by due date.

(2) Strategy: Increase number of direct deposit recipients.

Target: 100% of state payroll distributed using direct deposit.

Measure: Percentage of employees receiving payroll via direct deposit.

(3) Strategy: Maintain the statewide payroll system (AKPAY) in accordance with software maintenance agreement.

Target: Install software updates by vendor maintenance due date.

Measure: Percentage of time within a year that system is within vendor specified maintenance requirements.

Target: Replace AKPAY while it is still operational.

Measure: Approved replacement plan moving ahead.

(4) Strategy: Increase number of EDI (electronic data interchange) vendors.

Target: Increase number of EDI vendors by 10%.

Measure: Percent change in EDI vendors.

(5) Strategy: Increase number of EDI payments by 10%.

Target: Percent change in EDI payments.

Measure: Increase in dollars paid via EDI in current year divided by dollars paid in prior year.

(6) Strategy: Move some reports from data center printers to online print facility.

Target: Increase number of reports generated, but not printed at data center by 10%.

Measure: Number of reports generated, but not printed at data center.

Target: Increase percent of accounts that are corporate liability to 100%.

Measure: Number of corporate liability accounts as a percentage of total number of accounts.

(7) Strategy: Maintain a professional accounting staff adequate to meet reporting requirements.

Target: Meet statutory deadlines to produce Comprehensive Annual Financial Report (CAFR) and Compensation and Travel Report of Executive Positions.

Measure: Dates of publication compared to statutory deadlines.

Target: Maintain adequate structures for accountability.

Measure: Funds and appropriations are established per authorizing legislation.

(8) Strategy: Receive GFOA Certificate of Achievement for Excellence in Financial Reporting for first time on audited CAFR.

Target: Beginning with FY 2003 CAFR, receive certificate annually.

Measure: GFOA certificate

Key Component Challenges

· Adequate staffing – The Division of Finance is comprised primarily of information technology and accounting

professionals. Attracting and retaining these individuals is an ongoing challenge.

- Aging technology – Statewide accounting and payroll systems are built with technology that is no longer taught in most colleges. With age, they are becoming more difficult to maintain.

- Support of the One Card Alaska credit card program – Under a contract with First National Bank Alaska, the State merged its purchasing cards and travel cards into a single program. The program was initiated during the summer of 2002, and agencies are working through the implementation to efficiently manage the newly merged program. Challenges of managing a card program are many, requiring work by all parties—the bank and their card processor as well as all state agencies using the program.

- 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, as part of an integrated replacement solution for the aging legacy accounting and payroll systems.

Significant Changes in Results to be Delivered in FY2005

The division will expand direct deposit and electronic payments, shift payment advices to online presentment, and reduce the printing and mailing of paper.

The number of vendors continues to grow as we add grantees and contractors at the request of state agencies. Over the next year, additional functionality will be added so that electronic payments can be made to individuals. This will allow expansion of this convenience in areas such as payments to foster parents.

Major Component Accomplishments in 2003

The division led an analysis of evaluating our statewide administrative systems for replacement options. This effort included a steering committee representing business processes such as budgeting, accounting, procurement, payroll, human resources, and retirement. The resulting business case was presented to executive leadership in September and options are being evaluated over the next year. All state agencies participated in developing requirements for new statewide administrative systems.

Converted the database used by the statewide payroll system from ADABAS to DB2. This conversion was necessary in order to stay current with vendor maintenance requirements for the proprietary software used to process state payroll. This was a substantial effort on the part of many employees, beginning with training in the software and culminating with a smooth transition in October. It is a step toward more current technology, shifting from a hierarchical to a relational database.

Continued to expand electronic payment capability. Electronic payments increased 33% for FY2002 to \$40 million per month in FY 2003. Initializing the capability requires cooperation between agencies, vendors, and the vendor's bank. Once the link is established, this function speeds payment directly to the vendor's bank.

Division of Finance has changed the statewide credit card program to corporate liability. This simplifies the program and eliminates late payments, and also allows state travel purchased with the cards to qualify for local sales and hotel tax exemptions within Alaska.

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

Contact Information
<p>Contact: Kim J. Garnero, Director, Division of Finance Phone: (907) 465-3435 Fax: (907) 465-2169 E-mail: Kim_Garnero@admin.state.ak.us</p>

**Finance
Component Financial Summary**

All dollars shown in thousands

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,262.6	3,251.7	3,366.7
72000 Travel	28.2	3.0	3.0
73000 Contractual	2,725.4	2,933.6	2,818.6
74000 Supplies	30.8	29.2	29.2
75000 Equipment	145.9	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	6,192.9	6,217.5	6,217.5
Funding Sources:			
1004 General Fund Receipts	4,860.9	4,702.6	4,702.6
1007 Inter-Agency Receipts	1,318.6	1,402.4	1,402.4
1108 Statutory Designated Program Receipts	13.4	112.5	112.5
Funding Totals	6,192.9	6,217.5	6,217.5

Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Interagency Receipts	51015	1,318.6	1,402.4	1,402.4
Statutory Designated Program Receipts	51063	13.4	112.5	112.5
Restricted Total		1,332.0	1,514.9	1,514.9
Total Estimated Revenues		1,332.0	1,514.9	1,514.9

**Summary of Component Budget Changes
From FY2004 Authorized to FY2005 Governor***All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2004 Authorized	4,702.6	0.0	1,514.9	6,217.5
FY2005 Governor	4,702.6	0.0	1,514.9	6,217.5

**Finance
Personal Services Information**

Authorized Positions		Personal Services Costs		
	FY2004 Authorized	FY2005 Governor		
Full-time	47	44	Annual Salaries	2,541,561
Part-time	0	0	Premium Pay	0
Nonpermanent	3	3	Annual Benefits	1,039,147
			<i>Less 5.98% Vacancy Factor</i>	(214,008)
			Lump Sum Premium Pay	0
Totals	50	47	Total Personal Services	3,366,700

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 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	1	0	1
Analyst/Programmer IV	0	0	8	0	8
Analyst/Programmer V	0	0	2	0	2
College Intern I	0	0	1	0	1
Division Director	0	0	1	0	1
Human Resource Technician II	0	0	3	0	3
Payroll Manager	0	0	1	0	1
Payroll Specialist I	0	0	2	0	2
Payroll Specialist II	0	0	2	0	2
Payroll Specialist III	0	0	1	0	1
State Accountant	0	0	1	0	1
Student Intern III	0	0	2	0	2
Totals	0	0	47	0	47