

**State of Alaska
FY2015 Governor's Operating Budget**

**Department of Transportation/Public Facilities
Internal Review
Component Budget Summary**

Component: Internal Review

Contribution to Department's Mission

To provide professional audit assistance to department management that assures compliance with Federal Highway Administration (FHWA) and Federal Aviation Administration (FAA) requirements and to provide independent assessments of department operations.

Core Services

- Reviews operations and identifies control weaknesses, systems improvements, compliance, and recommends improvement in the use of resources (efficiency, economy, and effectiveness).
- Audits pre-award and final (post performance) activity of firms under contract with the department to assist in establishing rates and assuring that only agreed upon rates and charges have been applied.
- Audits utility companies, concessionaires at state airports, grantees, and contractor claims involving federal aid to assure agreed upon rates were used, proper fees collected and that contractor claims were supportable.
- Audits major operational areas of the department on a special request basis and assists in special program reviews conducted by the FHWA and the FAA.
- Assists the Division of Legislative Audit in the required Annual Single Audit of State of Alaska, which includes the Department of Transportation and Public Facilities' operations.
- Provides additional audit functions as requested.

Major Component Accomplishments in 2013

- Completed 111 consultant engineering overhead rate audits, 17 utility company rate audits, nine cost allocation plan reviews, nine special reviews and two final audits to assure rates and other charges under contracts with the department are supportable and meet federal requirements and one internal audit.
- Assisted departmental staff and state attorneys in reducing claims on projects.
- Completed the review of all financial documents requested by the Division of Legislative Audit as part of the Annual Single Audit of the state, which completes the annual Federal Single Audit requirements.

Key Component Challenges

No significant challenges are anticipated.

Significant Changes in Results to be Delivered in FY2015

No significant changes are anticipated.

Statutory and Regulatory Authority

The following federal and state regulations and statutes apply in general to the creation and operation of the Internal Review Section:

AS 44.17.010, 020, 040 (Department authority to establish organization and staffing)
AS 36.30.420 (Right to audit records)
AS 35.05.050 (Cooperation with the federal government for construction of public works)
Alaska Procurement Code and the Department Professional Services Agreement (PSA) Manual
Memorandum of Agreement between Alaska DOT&PF and the Federal Highway Administration
CFR Title 23 Part 645 (Accounting standards for utility companies)
CFR Title 48 Part 31 (Contract Cost Principles)
OMB Circular A-133 on the Federal Single Audit

Contact Information

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Internal Review Component Financial Summary			
		<i>All dollars shown in thousands</i>	
	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	886.6	928.9	929.1
72000 Travel	40.3	61.5	61.5
73000 Services	62.4	89.8	89.8
74000 Commodities	16.9	32.6	32.6
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,006.2	1,112.8	1,113.0
Funding Sources:			
1004 General Fund Receipts	219.3	201.9	201.6
1027 International Airport Revenue Fund	100.0	101.6	101.7
1061 Capital Improvement Project Receipts	686.9	809.3	809.7
Funding Totals	1,006.2	1,112.8	1,113.0

Estimated Revenue Collections				
Description	Master Revenue Account	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Capital Improvement Project Receipts	51200	686.9	809.3	809.7
Restricted Total		686.9	809.3	809.7
Total Estimated Revenues		686.9	809.3	809.7

**Summary of Component Budget Changes
From FY2014 Management Plan to FY2015 Governor**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2014 Management Plan	201.9	0.0	910.9	0.0	1,112.8
Adjustments which will continue current level of service:					
-FY2015 Salary Increases	1.6	0.0	6.6	0.0	8.2
-Reverse Alaska State Employees Association One-Time Payment Sec22f Ch14 SLA2013 (HB65) and Sec12 Ch15 SLA2013 (HB66)	-1.4	0.0	-3.8	0.0	-5.2
-FY2015 Health Insurance and Working Reserve Rate Reductions	-0.5	0.0	-2.3	0.0	-2.8
FY2015 Governor	201.6	0.0	911.4	0.0	1,113.0

Internal Review Personal Services Information				
Authorized Positions			Personal Services Costs	
	FY2014 Management Plan	FY2015 Governor		
Full-time	7	7	Annual Salaries	578,365
Part-time	0	0	COLA	8,134
Nonpermanent	0	0	Premium Pay	22,026
			Annual Benefits	337,329
			<i>Less 1.77% Vacancy Factor</i>	<i>(16,754)</i>
			Lump Sum Premium Pay	0
Totals	7	7	Total Personal Services	929,100

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant II	1	0	0	0	1
Internal Auditor II	2	0	0	0	2
Internal Auditor III	2	0	0	0	2
Internal Auditor IV	1	0	0	0	1
Internal Auditor V	0	0	1	0	1
Totals	6	0	1	0	7

Component Detail All Funds
Department of Transportation/Public Facilities

Component: Internal Review (AR57623) (2356)

RDU: Administration and Support (333)

	FY2013 Actuals	FY2014 Conference Committee	FY2014 Authorized	FY2014 Management Plan	FY2015 Governor	FY2014 Management Plan vs FY2015 Governor	
71000 Personal Services	886.6	956.6	961.8	928.9	929.1	0.2	0.0%
72000 Travel	40.3	61.5	61.5	61.5	61.5	0.0	0.0%
73000 Services	62.4	89.8	89.8	89.8	89.8	0.0	0.0%
74000 Commodities	16.9	32.6	32.6	32.6	32.6	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	1,006.2	1,140.5	1,145.7	1,112.8	1,113.0	0.2	0.0%
Fund Sources:							
1004Gen Fund (UGF)	219.3	233.4	234.8	201.9	201.6	-0.3	-0.1%
1027Int Airprt (Other)	100.0	101.2	101.6	101.6	101.7	0.1	0.1%
1061CIP Rcpts (Other)	686.9	805.9	809.3	809.3	809.7	0.4	0.0%
Unrestricted General (UGF)	219.3	233.4	234.8	201.9	201.6	-0.3	-0.1%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	786.9	907.1	910.9	910.9	911.4	0.5	0.1%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	7	7	7	7	7	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios with Descriptions
Department of Transportation/Public Facilities

Component: Internal Review (2356)
RDU: Administration and Support (333)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2014 Conference Committee To FY2014 Authorized *****												
FY2014 Conference Committee												
ConfCom		1,140.5	956.6	61.5	89.8	32.6	0.0	0.0	0.0	7	0	0
1004 Gen Fund		233.4										
1027 Int Airprt		101.2										
1061 CIP Rcpts		805.9										
Alaska State Employees Association One-Time Payment Sec22f Ch14 SLA2013 (HB65) and Sec12 Ch15 SLA2013 (HB66)												
Atrin		5.2	5.2	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		1.4										
1027 Int Airprt		0.4										
1061 CIP Rcpts		3.4										
Subtotal		1,145.7	961.8	61.5	89.8	32.6	0.0	0.0	0.0	7	0	0
***** Changes From FY2014 Authorized To FY2014 Management Plan *****												
Transfer Authority to Contracts & Appeals to Comply with Vacancy Factor Guidelines												
Trout		-7.9	-7.9	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-7.9										
Transfer Authority to Commissioners Office for Travel Expenditures												
Trout		-25.0	-25.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-25.0										
Subtotal		1,112.8	928.9	61.5	89.8	32.6	0.0	0.0	0.0	7	0	0

The Alaska State Employees Association, representing the general government unit, negotiated a lump sum payment of \$755 less mandatory deductions, per employee in pay status on July 1, 2013. The lump sum will be paid in the second pay period of August 2013.

Transfer personal services authority from the Internal Review component to reduce the vacancy factor in Contracting & Appeals. The Contracting and Appeals component has two employees and should carry a 0.0% vacancy factor due to no anticipated vacancies.

Authority is available to transfer from the Internal Review component due to turn over in long-term staff in pay increment status and newly appointed staff being placed at near entry steps.

Transfer authority to the Commissioner's Office component travel line to match anticipated instate travel expenditures.

Authority is available to transfer from the Internal Review component due to turn over in long-term staff in pay increment status and newly appointed staff being placed at near entry steps.

Change Record Detail - Multiple Scenarios with Descriptions
Department of Transportation/Public Facilities

Component: Internal Review (2356)
RDU: Administration and Support (333)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2014 Management Plan To FY2015 Governor *****												
FY2015 Salary Increases												
	SalAdj	8.2	8.2	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		1.6										
1027 Int Airprt		0.9										
1061 CIP Rcpts		5.7										
Cost of living allowance for certain bargaining units: \$8.2												
Year two cost of living allowance for Alaska State Employees Association/General Government Unit - 1%: \$4.8												
Year two cost of living allowance for Alaska Public Employees Association/Supervisory Unit - 1%: \$3.4												
Reverse Alaska State Employees Association One-Time Payment Sec22f Ch14 SLA2013 (HB65) and Sec12 Ch15 SLA2013 (HB66)												
	OTI	-5.2	-5.2	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-1.4										
1027 Int Airprt		-0.4										
1061 CIP Rcpts		-3.4										
Reverse one-time funding for a negotiated lump sum payment to employees in the general government unit, represented by the Alaska State Employees Association, in pay status on July 1, 2013.												
FY2015 Health Insurance and Working Reserve Rate Reductions												
	SalAdj	-2.8	-2.8	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-0.5										
1027 Int Airprt		-0.4										
1061 CIP Rcpts		-1.9										
FY2015 budget reduction for decrease in the AlaskaCare health insurance premium and working reserve rates: \$-2.8												
Working reserve rate decrease from 3.94% to 3.56%: Leave Cash-In = 2.17%, Terminal Leave = 1.03%, Unemployment Insurance = 0.36% : \$-2.3												
AlaskaCare health benefit decrease from \$1,389 to \$1,371: \$-0.5												
Totals		1,113.0	929.1	61.5	89.8	32.6	0.0	0.0	0.0	7	0	0

Personal Services Expenditure Detail
Department of Transportation/Public Facilities

Scenario: FY2015 Governor (11059)
Component: Internal Review (2356)
RDU: Administration and Support (333)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
25-0025	Internal Auditor V	FT	A	SS	Juneau	205	25O	12.0		144,036	1,884	0	67,999	213,919	168,996
25-0035	Internal Auditor III	FT	A	GG	Anchorage	200	21B / C	12.0		70,374	964	0	42,817	114,155	102,740
25-0036	Internal Auditor IV	FT	A	SS	Anchorage	200	23M	12.0		110,964	1,520	0	57,639	170,123	156,513
25-0038	Administrative Assistant II	FT	A	GP	Anchorage	200	14B / C	12.0		44,443	711	7,492	36,004	88,650	88,650
25-0039	Internal Auditor II	FT	A	GP	Anchorage	200	19B / C	12.0		61,441	1,003	11,797	43,875	118,116	100,399
25-0040	Internal Auditor II	FT	A	GP	Anchorage	200	19B / C	12.0		61,441	879	2,737	40,528	105,585	89,747
25-0041	Internal Auditor III	FT	A	GP	Anchorage	200	21G / J	12.0		85,666	1,173	0	48,467	135,306	135,306

	Total Positions	New	Deleted
Full Time Positions:	7	0	0
Part Time Positions:	0	0	0
Non Permanent Positions:	0	0	0
Positions in Component:	7	0	0

Total Component Months: 84.0

Total Salary Costs:	578,365
Total COLA:	8,134
Total Premium Pay:	22,026
Total Benefits:	337,329
Total Pre-Vacancy:	945,854
Minus Vacancy Adjustment of 1.77%:	(16,754)
Total Post-Vacancy:	929,100
Plus Lump Sum Premium Pay:	0
Personal Services Line 100:	929,100

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1004 General Fund Receipts	177,851	174,700	18.80%
1027 International Airport Revenue Fund	103,503	101,670	10.94%
1039 U/A Indirect Cost Recovery	664,500	652,730	70.25%
Total PCN Funding:	945,854	929,100	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Line Item Detail
Department of Transportation/Public Facilities
Travel

Component: Internal Review (2356)
RDU: Administration and Support (333)

Line Number	Line Name		FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
72000	Travel		40.3	61.5	61.5
Expenditure Account			FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
	Servicing Agency	Explanation			
72000 Travel Detail Totals			40.3	61.5	61.5
72100	Instate Travel	In state travel for auditors.	21.1	33.0	33.0
72400	Out Of State Travel	Out of state travel for auditors.	19.2	28.5	28.5

Line Item Detail
Department of Transportation/Public Facilities
Services

Component: Internal Review (2356)
RDU: Administration and Support (333)

Line Number	Line Name		FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
73000	Services		62.4	89.8	89.8
Expenditure Account	Servicing Agency	Explanation	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
73000 Services Detail Totals			62.4	89.8	89.8
73026	Training/Conferences	Conference registration fees for staff.	10.6	10.9	10.9
73029	Memberships	Departmental membership fees.	0.2	1.5	1.5
73150	Information Technlgy	All information technology (IT) contractual costs such as software licensing, software maintenance, IT training, IT consulting, and IT equipment leases. Includes Microsoft Enterprise Agreement.	2.5	1.4	1.4
73156	Telecommunication	Long distance telephone charges, cell phones.	0.1	0.1	0.1
73227	Courier	Courier charges.	0.1	1.2	1.2
73228	Postage	Postage.	1.5	1.0	1.0
73525	Utilities	Water, sewer and disposal charges.	0.1	1.2	1.2
73650	Struc/Infstruct/Land	Structure/land repairs and maintenance.	0.0	0.1	0.1
73677	Office Furn & Equip(Non IA Repair/Maint)	Repairs/Maintenance of office furniture & equipment.	0.5	2.5	2.5
73681	Other Equip/Mach(Non IA Repair/Maint)	Repair/Maintenance of other equipment.	0.0	1.2	1.2
73755	Safety Services	Security system monitoring.	0.0	0.0	0.0
73756	Print/Copy/Graphics	Printing, copying.	0.1	0.0	0.0
73805	IT-Non-Telecommunication	Enterprise Technology Services Computer services provided by the Department of Administration, Enterprise Technology Services, such as central server, data storage, printing, network services, open connect, and task order system.	1.9	3.1	3.1
73806	IT-Telecommunication	Enterprise Technology Services Telecommunications services provided by the Department of Administration, Enterprise Technology Services, such as basic telephone services, equipment and features, dedicated voice/data line service, statewide paging, two-way radio, and video conferencing.	6.0	8.3	8.3

Line Item Detail
Department of Transportation/Public Facilities
Services

Component: Internal Review (2356)

RDU: Administration and Support (333)

Expenditure Account	Servicing Agency	Explanation	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor	
73000 Services Detail Totals			62.4	89.8	89.8	
73809	Mail	Central Mail	Chargeback fees for central mail services such as mailing vendor payments (AKSAS) and payroll warrants (AKPAY).	0.1	0.4	0.4
73810	Human Resources	Personnel	Chargeback fees for human resource services such as labor relations, position classifications and payroll processing.	0.2	0.4	0.4
73813	Auditing	Legis - Legislative Audit	Federal Compliance Audit reimbursable services agreement.	33.8	51.0	51.0
73815	Financial	Finance	Chargeback fees for AKSAS and AKPAY.	0.3	0.7	0.7
73816	ADA Compliance	Americans With Disabilities	Chargeback fees for the statewide coordinator of the Americans with Disabilities Act (ADA).	0.1	0.3	0.3
73819	Commission Sales (IA Svcs)	State Travel Office	Processing fees charged by the State Travel office.	0.3	0.5	0.5
73848	State Equip Fleet	State Equipment Fleet Admin	Transportation -fleet vehicle for Anchorage office.	4.0	4.0	4.0

Line Item Detail
Department of Transportation/Public Facilities
Commodities

Component: Internal Review (2356)
RDU: Administration and Support (333)

Line Number	Line Name		FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
74000	Commodities		16.9	32.6	32.6
Expenditure Account	Servicing Agency	Explanation	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
74000 Commodities Detail Totals			16.9	32.6	32.6
74222	Books And Educational	Materials for auditors in Anchorage, Fairbanks and Juneau.	0.4	2.4	2.4
74226	Equipment & Furniture	Office equipment and furnishings.	8.7	6.7	6.7
74229	Business Supplies	Office supplies for offices in Anchorage, Fairbanks, and Juneau.	2.7	8.9	8.9
74233	Info Technology Equip	Data processing supplies for three offices in Anchorage, Fairbanks, and Juneau.	4.8	12.8	12.8
74236	Subscriptions	Subscriptions for offices in Anchorage, Fairbanks and Juneau.	0.0	1.2	1.2
74480	Household & Instit.	Shared water service.	0.3	0.6	0.6

Restricted Revenue Detail
Department of Transportation/Public Facilities

Component: Internal Review (2356)
RDU: Administration and Support (333)

Master Account	Revenue Description				FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
51200	Capital Improvement Project Receipts				686.9	809.3	809.7
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
59465	Indirect CIP Receipts				686.9	809.3	809.7
	Recovery of indirect costs from the capital budget via the department's Indirect Cost Allocation Plan (ICAP).						

Inter-Agency Services
Department of Transportation/Public Facilities

Component: Internal Review (2356)
RDU: Administration and Support (333)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2013 Actuals	FY2014		
					Management Plan	FY2015 Governor	
73805	IT-Non-Telecommunication	Computer services provided by the Department of Administration, Enterprise Technology Services, such as central server, data storage, printing, network services, open connect, and task order system.	Inter-dept	Enterprise Technology Services	1.9	3.1	3.1
73805 IT-Non-Telecommunication subtotal:					1.9	3.1	3.1
73806	IT-Telecommunication	Telecommunications services provided by the Department of Administration, Enterprise Technology Services, such as basic telephone services, equipment and features, dedicated voice/data line service, statewide paging, two-way radio, and video conferencing.	Inter-dept	Enterprise Technology Services	6.0	8.3	8.3
73806 IT-Telecommunication subtotal:					6.0	8.3	8.3
73809	Mail	Chargeback fees for central mail services such as mailing vendor payments (AKSAS) and payroll warrants (AKPAY).	Inter-dept	Central Mail	0.1	0.4	0.4
73809 Mail subtotal:					0.1	0.4	0.4
73810	Human Resources	Chargeback fees for human resource services such as labor relations, position classifications and payroll processing.	Inter-dept	Personnel	0.2	0.4	0.4
73810 Human Resources subtotal:					0.2	0.4	0.4
73813	Auditing	Federal Compliance Audit reimbursable services agreement.	Inter-dept	Legis - Legislative Audit	33.8	51.0	51.0
73813 Auditing subtotal:					33.8	51.0	51.0
73815	Financial	Chargeback fees for AKSAS and AKPAY.	Inter-dept	Finance	0.3	0.7	0.7
73815 Financial subtotal:					0.3	0.7	0.7
73816	ADA Compliance	Chargeback fees for the statewide coordinator of the Americans with Disabilities Act (ADA).	Inter-dept	Americans With Disabilities	0.1	0.3	0.3
73816 ADA Compliance subtotal:					0.1	0.3	0.3
73819	Commission Sales (IA Svcs)	Processing fees charged by the State Travel office.	Inter-dept	State Travel Office	0.3	0.5	0.5
73819 Commission Sales (IA Svcs) subtotal:					0.3	0.5	0.5
73848	State Equip Fleet	Transportation -fleet vehicle for Anchorage office.	Intra-dept	State Equipment Fleet Admin	4.0	4.0	4.0
73848 State Equip Fleet subtotal:					4.0	4.0	4.0
Internal Review total:					46.7	68.7	68.7
Grand Total:					46.7	68.7	68.7