

State of Alaska FY2004 Governor's Operating Budget

Department of Natural Resources Administrative Services Component Budget Summary

Component: Administrative Services

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Component Mission

To provide effective and efficient administrative services to departmental employees and programs in order to maximize public service (Differs from SLA 2002, CH 124, Section 109).

Component Services Provided

This component provides administrative policy and management services to the department.

The Administrative Services Component consists of four sections, with staff located in Juneau and in Anchorage. The sections are:

1. Administrative Support
2. Financial Services
3. Human Resources and Payroll
4. Revenue and Resource Accounting

The Administrative Support Section:

The Administrative Support Section includes the Director of Administrative Services and it provides general management oversight to the Support Services Division, which includes the State Recorder's Office, the Information Resources Management Section and Administrative Services Sections. The Section:

- Prepares and monitors the operating and capital budgets for the departments of Natural Resources
- Provides legislation liaison
- Tracks legislation, keeps bill analysis and fiscal notes current
- Legislative testimony on the department's budgets
- Manages office space, contracting services, vehicles, equipment, supplies and support services such as mail and courier service
- Provides consolidated mailroom services for the DNR divisions. This includes sorting of all incoming mail, preparation of the daily courier pouch. These services also include maintaining the mail room supplies, postage machine, acting as the key operator for the copier machine, and distribution of mail.

The Financial Services Section:

This section provides centralized financial management and accounting in support of DNR components. The centralized functions include payment of all invoices; program receipts, federal grant and reimbursable service agreements accounting; payroll labor cost distributions; appropriation accounting; and payment of all inter-department billings. Financial Services establishes and implements departmental financial policies and procedures in accordance with law, statutes, regulations, and Generally Accepted Accounting Principals (GAAP). This Section also provides departmental training in financial policies and procedures, grant accounting and AKSAS.

The staff ensures that:

- Accounting support for all federal grants and program receipts is provided. Annually over 157 different federal grants and program receipts are managed totaling in excess of \$26.5 million. In addition, Financial Services processes monthly billings on 312 reimbursable service agreements with a total budget of over \$24.6 million.
- Fire Suppression accounting support is provided to this unique program which involves accounting for a cooperative agreement with the federal government for payment of fire suppression expenses on State and Federal land. Billings to the U.S. Forest Service (USFS) and the Bureau of Land Management (BLM) range from \$2.4 to \$22.0 million. Track suppression expenditures in AKSAS for over 1,000 fire incidents annually.
- The department's Budget Analyst and Administrative Services Manager are supported in the preparation of the annual Operating and Capital budgets through all stages, posting of the Operating and Capital authorization to the correct appropriations in AKSAS, submission of Fiscal Notes, Supplementals and Revised Programs.

- The department's budget projection reports are prepared, which are reviewed and distributed by the department's budget analyst.
- The distribution of accurate hardcopy AKSAS financial management reports and Geneva audit trails to the operating divisions. These reports are used to verify expenditures, bill federal grants and project expenditures. Financial Services also completes various reports and responses to DOA Division of Finance, Office of Management & Budget, Legislative Finance and Federal Agencies. Reports include: DOA's Annual Financial Reports, Federal Schedule, 1099 verification, OMB Federal Pass-through grants and Payment in-lieu of taxes.
- Training is provided to administrative staff on the use of the Alaska State Accounting System (AKSAS). This includes hands-on AKSAS classes, on-line management reporting and instruction in AKSAS payment certification. Training is also given on Accounts Payable policies, Federal Grant & Program receipt accounting, and training on the preparation of the state operating and capital budgets.

The Human Resources Section:

The Human Resources section handles internal personnel functions for some 681 permanent full-time, 284 permanent part-time and up to 2000 seasonal employees.

The Human Resource Management/Payroll Section provides essential support for all DNR employees and managers in the broad area of human resources including: recruitment, examining, classification, labor contract interpretation and enforcement, implementation and compliance with federal and state requirements such as the Fair Labor Standards Act, Americans with Disabilities Act, Family Leave etc.

The staff ensures that:

- DNR's mission is carried out in the most professional manner possible by recruiting the best qualified work force, including special recruitment for local residents in rural areas, women and minorities, and for individuals with unique qualifications when required.
- Error free payroll services are provided to the department's employees.
- Ensures that all positions in the Department are properly classified and paid in accordance with the State Personnel Act and collective bargaining agreements.
- Ensures that DNR is in compliance with the Americans with Disabilities Act (ADA).
- Employment opportunities are provided for Alaskan residents.
- Department managers are advised on provisions of the collective bargaining unit agreements, Fair Labor Standards Act, Americans with Disabilities Act, Family Medical Leave Act, Alaska Family Leave Act, and other state and federal laws pertaining to employee rights and protection.
- The occurrence of employee relations and labor disputes are minimized by ensuring that all personnel transactions comply with AS 39, labor agreements, FLSA, state and federal law, and that all are in accordance with good personnel principles.
- Management is represented in labor disputes by investigating union grievances and complaints, human rights, EEO, and ombudsman complaints, and processing these complaints through resolution.
- Training needs of all employees are considered.
- Managers and employees are assisted in all aspects of down-sizing activities; i.e., layoffs, reorganizations, out-placement services and retirement incentive programs.

The Revenue & Resource Accounting Section:

This section is responsible for the revenue accounting for all DNR programs. In FY02 ~\$891 million in revenues were collected and accurately distributed to over 550 accounts within the DNR revenue structure.

The staff:

- Collects, controls and accounts for all annual revenues generated by the use, sale, or lease of the natural resources under the control of DNR.
- Provides timely and accurate billing, defaulting, maintenance of on-line information, and customer service for a portfolio composed of 18 contract types and 41,000 subsidiary lease and sale agreements.
- Provides training to DNR personnel on the use of the DNR Revenue and Billing computer system to track financial information for agreement management.
- Provides timely and accurate processing of department-wide travel and fire suppression subsistence expenditures to vendors and personnel within the Department.
- Distributes revenues accurately and as required by legislation.

- All statutory requirements are met for proper distribution of DNR revenues to the general fund, permanent fund, school fund, school escrow fund, mental health trust fund, budget reserve fund, land disposal income fund, and administrative settlement funds.
- Provides revenue activity reports in a timely manner to meet the needs of the DNR managers.
- Provides an annual report via magnetic media to the IRS of interest paid on 1,300 sale contracts, as required by federal law.
- Provides a Statement of Account to each sale contract customer summarizing the yearly account activity.
- Accurately maintains the 1,131 subsidiary trust deposits in agency trust accounts.
- Reviews, reconciles, and reports to Dept. of Administration each fiscal year on the status of DNR receivables in the general fund, school fund, school escrow trust fund, mental health trust fund, and the land disposal income fund.
- Responds to annual legislative audits conducted to ensure timely and accurate revenue processing.

Component Goals and Strategies

The Administrative Services Component's primary goal is to provide the most effective and efficient support service to those divisions that are directly serving the public.

The business of this component is to provide consolidated support to the Commissioner's Office, the operating programs of DNR, the Fire Suppression Emergencies and to the various boards and commissions that rely on us for administrative support. This includes providing the best possible budgeting, finance and accounting support; timely and accurate payroll processing; recruitment of qualified, trained and motivated personnel; responsive procurement and facilities management; and the most efficient revenue collection and accounting.

The Administrative Services goals are to:

- Coordinate the preparation, presentation, and justification of DNR's Operating and Capital budgets in a thorough and timely manner.
- Provide quality, timely contracting services for the operating programs.
- Provide an effective and efficient accounting system to collect, control and account for annual revenues generated by the use, sale, or lease of the natural resources under the control of the Department of Natural Resources and distribute these revenues as defined by statute, regulation and policy.
- Pay all vendor obligations in a timely manner taking advantage of the investment potential of the return on cash to the state.
- Ensure that all employees of DNR are paid correctly and on time.
- Provide a hassle-free environment for customers and employees while abiding by the personnel standards to ensure fair and equitable treatment for all.
- Track expenditures and receipts in a manner that provides accuracy, timeliness, and maximizes the usefulness of revenue information.
- Maintain DNR's property records and supervise the annual physical inventory.

Key Component Issues for FY2003 – 2004

Director and Legislative Liaison positions:

For the past six years the departments of Natural Resources and DMVA shared a Director of Administrative Services and Legislative Liaison position. With the growth of the various programs in DMVA, the Homeland Security Initiative, and the retirement of the incumbent the decision was made to restore the Director of Administrative Services position in the Department of Natural Resources. With a new Administration and a new Legislature coming in the Legislative Liaison and Director of Administrative Services positions should both be filled. These are too critical of positions to have vacancies due to underfunding.

Workforce development:

For the past two years the department has been in the process of updating the classifications of its various job class series. In FY02 the Recorders series was completed. In FY03 we will have completed the Natural Resource series and the Administrative Assistant and Managers. In addition we will start on the Park Rangers. In FY04 we need to complete the Forester series and the Geologist. These are all very important in recruiting and retention issues as well as internal alignment within state government.

The Labor Union Contract negotiations will be very important both for the Administration as well as for our employees. Playing an active role in this process is very important in terms of assuring administration efficiencies and making sure DNR's issues are addressed.

Purchasing:

Increased pressure to improve services to the public through the use of procurement cards, credit cards, and on-line services also increase the administrative workload and the requirement to establish proper checks and balances.

With increased requirements for e-commerce, privatization, more cooperative agreements with Industry, and more federal contracts there is increased pressure on our procurement staff. Also, we have been experiencing more litigation which has a big time requirement. Staffing levels are continually being evaluated to make sure we can meet program requirements and deliverables.

Indirect Cost Recovery:

With the latest rounds of state budget reductions we are reaching the limit of what is reasonable in recovering from the operating programs. The Commissioner's Office and Administrative Services have become very dependent on the collection of these Indirect Cost recoveries. The federal fires in the lower - 48 have allowed us to meet our I/A budget requirement. In the event of a low fire year in the lower-48 this budget would face a serious budget shortfall.

Major Component Accomplishments in 2002

Coordinated the FY03 preparation, presentation, and justification of DNR's and DMVA's Operating and Capital budgets in a thorough and timely manner.

Continued the level of procurement support by processing over 400 procurement transactions. FY 02 transactions resulted in approximately \$15 million in awards, \$5.0 million in 30 aircraft related contracts, \$2.8 million in 118 professional services contracts \$1.5 million in 27 construction contracts, approximately \$2 million in 15 MOU's and cooperative agreements and the balance of the transactions 230 worth approximately \$3.7 million in grants and procurement of routine services, equipment, and materials.

Accurately receipted 23,000 payments and coordinated the receipting and depositing activities for an additional 123,435 receipts handled by 75 personnel located in 30 area offices. Accounted for the distribution of \$890.5 million in revenues to the following funds: General Fund \$610 Million, Land Disposal Income Fund \$4 million, School Fund \$4 million, Permanent Fund \$261million, Mental Health \$8 million, Constitutional Budget Reserve Fund \$0.3 million, School Fund Escrow \$0.1 million.

Audited and maintained approximately 41,143 subsidiary ledgers. Provided quality customer service for over 39,000 lease and sale contracts. Provided on time, accurate reports to the IRS on over 1,300 land sale contracts including a Statement of Account on all payment activity by each contract holder.

Continued the customer focus that resulted in ~30,000 invoices, totaling more than \$53 million being paid in an average turnaround of 23.3 days.

Emphasized service to the internal customer by eliminating errors or delays in paying personnel. This was accomplished in processing over 5,000 personnel actions and 22,000 time sheets.

Followed the requirements of AS 39, Fair Labor Standards Act, and contract requirements to minimize grounds for complaints and ensured positive employee morale. Investigated complaints fairly and in a timely manner. Fully complied with the spirit and letter of the Americans with Disabilities Act.

Accurately tracked approximately 157 different federal grant and program receipt sources. Correctly processed over 312 Servicing and Requesting Reimbursable Service Agreements. Maintained the Fire Suppression Account to fully support this critical and complex joint federal and state multi-agency incident based program.

Accurately managed over \$10 million in controlled equipment.

Statutory and Regulatory Authority

AS23, AS38, AS36.30, AS39, and AS43.05

Administrative Services
Component Financial Summary

All dollars in thousands

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	2,062.8	2,136.8	2,322.9
72000 Travel	19.1	10.5	15.5
73000 Contractual	123.4	92.4	100.6
74000 Supplies	28.2	17.6	27.6
75000 Equipment	12.8	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	2,246.3	2,257.3	2,466.6
Funding Sources:			
1004 General Fund Receipts	1,586.2	1,495.3	1,496.0
1007 Inter-Agency Receipts	660.1	762.0	820.6
1153 State Land Disposal Income Fund	0.0	0.0	150.0
Funding Totals	2,246.3	2,257.3	2,466.6

Administrative Services

Proposed Changes in Levels of Service for FY2004

In FY03 the Shared Service Agreement with the Department of Military & Veterans Affairs will end due to the retirement of the incumbent, and the ever increasing workload. This will mean DNR programs will receive more attention by having a full-time Director of Administrative Services.

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	1,495.3	0.0	762.0	2,257.3
Adjustments which will continue current level of service:				
-Annualize FY2003 COLA Increase for General Government, Confidential and Supervisory Bargaining Units	0.0	0.0	8.5	8.5
-\$75 per Month Health Insurance Increase for Non-covered Staff	0.7	0.0	0.1	0.8
Proposed budget increases:				
-Increase line item authorization to match expenditure plan	0.0	0.0	50.0	50.0
-Restore Director of Administrative Services Position to Full Funding	0.0	0.0	55.0	55.0
-Additional funds to fully support workload requirements	0.0	0.0	95.0	95.0
FY2004 Governor	1,496.0	0.0	970.6	2,466.6

Administrative Services
Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2003</u> <u>Authorized</u>	<u>FY2004</u> <u>Governor</u>		
Full-time	38	39	Annual Salaries	1,776,081
Part-time	1	1	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	645,088
			<i>Less 4.06% Vacancy Factor</i>	(98,269)
			Lump Sum Premium Pay	0
Totals	39	40	Total Personal Services	2,322,900

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant II	1	0	0	0	1
Accountant III	0	0	1	0	1
Accountant IV	1	0	1	0	2
Accounting Clerk I	0	0	1	0	1
Accounting Clerk II	3	0	3	0	6
Accounting Spvr I	0	0	1	0	1
Accounting Tech I	3	0	2	0	5
Accounting Tech II	2	0	1	0	3
Accounting Tech III	0	0	1	0	1
Administrative Clerk II	1	0	0	0	1
Administrative Clerk III	1	0	0	0	1
Administrative Svcs Mgr	0	0	1	0	1
Division Director	0	0	1	0	1
Human Resource Assistant	0	0	1	0	1
Human Resource Technician II	2	0	2	0	4
Human Resources Mgr III	0	0	1	0	1
Mail Svcs Courier	1	0	0	0	1
Payroll Supervisor	0	0	1	0	1
Personnel Officer I	0	0	1	0	1
Personnel Officer II	1	0	0	0	1
Personnel Specialist II	0	0	1	0	1
Procurement Spec I	1	0	0	0	1
Procurement Spec II	1	0	0	0	1
Procurement Spec IV	1	0	0	0	1
Program Budget Analyst IV	0	0	1	0	1
Totals	19	0	21	0	40