

State of Alaska FY2005 Governor's Operating Budget

Department of Natural Resources Administrative Services Component Budget Summary

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Component: Administrative Services

Contribution to Department's Mission

To provide effective and efficient administrative services to departmental employees and programs in order to maximize public service.

Core Services

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

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

1. Administrative Support
2. Financial Services
3. Revenue and Resource Accounting

The Administrative Support Section:

The Administrative Support Section includes the Director of Administrative Services and 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 department
- 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 Revenue & Resource Accounting Section:

This section is responsible for the revenue accounting for all DNR programs. In FY03 ~ \$1.3 billion 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.

End Results	Strategies to Achieve Results
<p>(1) Accurate and timely accounting</p> <p><u>Target:</u> % of wire transfers on time (specifically for O&G accounts) <u>Measure:</u> 100%</p> <p><u>Target:</u> Clean financial audits <u>Measure:</u> No audit finding or recommendations</p> <p>(2) Prepare and Monitor Budgets meeting Department and Governor's targets</p> <p>(3) Meet the department's central administrative needs at the lowest possible cost</p> <p><u>Target:</u> Keep the Indirect Cost Rate within a 15-17% range of the department's personal services budget <u>Measure:</u> % of Federally approved Indirect Cost rate</p>	<p>(1) Hire the best qualified candidates for vacant administrative positions</p> <p>(2) Keep staffing to the absolute minimum</p> <p><u>Target:</u> The FY04 base level is 39 PFT and 1 PPT positions <u>Measure:</u></p> <p>(3) Maintain a Management Information System that allows for timely and accurate budget tracking</p> <p><u>Target:</u> Prepare 10 monthly Operating and Capital Budget status reports, track grants, contracts, restricted revenue programs and RSAs separately <u>Measure:</u></p> <p>(4) Consolidate space to the maximum level possible</p> <p><u>Target:</u> Look at sharing rural offices between state</p>

End Results	Strategies to Achieve Results
	agencies and combine DNR offices in the larger leases <u>Measure:</u> square feet consolidated, or dollars saved in leasing budget

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Budget preparation and monitoring • Resource revenue collection and billings • Office lease administration • Restricted revenue accounting, billing, and collections • Accounting structure and report management 	<ul style="list-style-type: none"> • Procurement and property management • Legislative hearing support and testimony • Compliance with statutory, regulatory, administrative, and professional requirements • Management and supervision of department administrative support functions

FY2005 Resources Allocated to Achieve Results							
<p>FY2005 Component Budget: \$1,929,400</p>	<p>Personnel:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Full time</td> <td style="text-align: right; padding: 2px;">28</td> </tr> <tr> <td style="padding: 2px;">Part time</td> <td style="text-align: right; padding: 2px;">1</td> </tr> <tr> <td style="padding: 2px;">Total</td> <td style="text-align: right; padding: 2px;">29</td> </tr> </table>	Full time	28	Part time	1	Total	29
Full time	28						
Part time	1						
Total	29						

Performance Measure Detail

(1) Result: Accurate and timely accounting

Target: % of wire transfers on time (specifically for O&G accounts)
Measure: 100%

Target: Clean financial audits
Measure: No audit finding or recommendations

(2) Result: Prepare and Monitor Budgets meeting Department and Governor's targets

(3) Result: Meet the department's central administrative needs at the lowest possible cost

Target: Keep the Indirect Cost Rate within a 15-17% range of the department's personal services budget
Measure: % of Federally approved Indirect Cost rate

(1) Strategy: Hire the best qualified candidates for vacant administrative positions

(2) Strategy: Keep staffing to the absolute minimum

Target: The FY04 base level is 39 PFT and 1 PPT positions
Measure:

(3) Strategy: Maintain a Management Information System that allows for timely and accurate budget tracking

Target: Prepare 10 monthly Operating and Capital Budget status reports, track grants, contracts, restricted revenue programs and RSAs separately

Measure:

(4) Strategy: Consolidate space to the maximum level possible

Target: Look at sharing rural offices between state agencies and combine DNR offices in the larger leases

Measure: square feet consolidated, or dollars saved in leasing budget

Key Component Challenges

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 completed the Natural Resource series and the Administrative Assistant and Managers. In FY04 we hope to complete the Park Rangers, Forester and the Geologist series. These are all very important in recruiting and retention issues as well as internal alignment within state government. With the HR Integration project we hope our plans will be addressed.

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 and outsourcing, 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 comes with 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 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.

Facilities and space management:

With reorganizations and changing budgets comes the requirement to changes in space requirements. At the same time DOA implemented and intends to reinforce space standards, and plans on transferring all of the leasing budgets to the agency, all of which add an extra dimension to facilities management.

Significant Changes in Results to be Delivered in FY2005

With the Human Resource Integration in DOA the staff transferred and we will now pay for this service based on a chargeback system, hopefully with no reduction in results and services.

In FY04 we expanded our services to the Office of Habitat Management & Permitting, and the Office of Project Management & Permitting. These organizations were transferred in FY03 by Executive Order. The result is improved

administrative and IT coordination between all of the DNR programs.

Major Component Accomplishments in 2003

Implemented the Governor's Executive Orders for the Office of Habitat Permitting and Management and the transforming the Governor's Office of Division Governmental Coordination' Alaska Coastal Management Program into the Office of Project Management & Permitting through coordination of physical moves, changing the ACMP staff from exempt service to classified service, and assimilating them in the DNR administrative structures.

Coordinated the FY04 preparation, presentation, and justification of DNR's operating and capital budgets in a thorough and timely manner.

Continued the level of procurement support by processing 385 procurement transactions. FY 03 transactions resulted in approximately \$16.4 million in awards, \$3.0 million in 22 aircraft related contracts, \$2.7 million in 94 professional services contracts, \$4.27 million in 27 construction contracts, approximately \$700K in 12 MOU's and cooperative agreements and the balance of the transactions - 230 worth approximately \$8.43 million in grants and procurement of routine services, equipment, and materials.

Administered the process for 2 construction claims, and one four year old claim currently in Superior Court. Handled 3 new bid protests all resolved in the departments favor at the administrative level. Two protest appeals and two other procurement related law suits that are in superior court. The amount of time this work takes seems to be increasing as the vendor community seeks remedies through the appeal and litigation process.

Accurately receipted payments and coordinated the receipting and depositing activities for receipts handled by 75 personnel located in 30 area offices. Accounted for the distribution of \$1.3 billion in revenues to the following funds: General Fund, Land Disposal Income Fund, School Fund, Permanent Fund, and Mental Health Trust.

Audited and maintained approximately 45,000 subsidiary ledgers. Provided quality customer service for over 40,000 lease and sale contracts. Provided on time, accurate reports to the IRS on land sale contracts including a Statement of Account on all payment activity by each contract holder.

Continued the customer focus that resulted in ~32,000 invoices, totaling more than \$85 million being paid in an average turnaround of 25.3 days.

Progress was made on reducing the backlogs in updating the classification of DNR positions created with the update of the natural resource class study. In addition the appeals of the Natural Resource series classification, the Administrative Manager and Assistants, and the Procurement series were completed.

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 more than 20,000 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 150 different federal grant and program receipt sources. Correctly processed over 350 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

Contact Information

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Administrative Services Component Financial Summary

All dollars shown in thousands

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	2,158.4	2,355.8	1,808.9
72000 Travel	18.1	15.5	11.8
73000 Contractual	129.6	100.6	86.2
74000 Supplies	24.8	27.6	22.5
75000 Equipment	3.0	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	2,333.9	2,499.5	1,929.4
Funding Sources:			
1004 General Fund Receipts	1,523.2	1,516.1	1,116.4
1007 Inter-Agency Receipts	810.7	832.0	621.6
1153 State Land Disposal Income Fund	0.0	151.4	191.4
Funding Totals	2,333.9	2,499.5	1,929.4

Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Unrestricted Revenues				
Unrestricted Fund	68515	20.6	0.0	0.0
Unrestricted Total		20.6	0.0	0.0
Restricted Revenues				
Interagency Receipts	51015	810.7	832.0	621.6
State Land Disposal Income Fund	51434	0.0	151.4	191.4
Restricted Total		810.7	983.4	813.0
Total Estimated Revenues		831.3	983.4	813.0

**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	1,516.1	0.0	983.4	2,499.5
Adjustments which will continue current level of service:				
-Changes to Retirement and Other Personal Services Rates	0.0	0.0	37.6	37.6
-Transfer Funding for HR Integration to Human Resources Chargeback Component	-399.7	0.0	-273.2	-672.9
Proposed budget increases:				
-Increase Indirect Cost Allocation Collection from Land Disposal Income Fund	0.0	0.0	35.2	35.2
-Increase Indirect Charges to Divisions to Meet Personal Services Budget	0.0	0.0	30.0	30.0
FY2005 Governor	1,116.4	0.0	813.0	1,929.4

**Administrative Services
Personal Services Information**

Authorized Positions		Personal Services Costs		
	FY2004 Authorized	FY2005 Governor		
Full-time	39	28	Annual Salaries	1,300,197
Part-time	1	1	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	564,619
			<i>Less 3.00% Vacancy Factor</i>	(55,916)
			Lump Sum Premium Pay	0
Totals	40	29	Total Personal Services	1,808,900

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 III	1	0	0	0	1
Administrative Svcs Mgr	0	0	1	0	1
Division Director	0	0	1	0	1
Mail Svcs Courier	1	0	0	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	15	0	14	0	29