

State of Alaska FY2014 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

- Internal Review is an independent section within the Department of Transportation and Public Facilities that reports directly to the Commissioner. Internal Review is an extension of the management function that identifies problems and recommends actions that can correct those problems. It provides a measurement of how well the department is meeting its statutory requirements and achieving its objectives.
- 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 paid.
- 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 Federal Highway Administration and the Federal Aviation Administration.
- 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.

Major Component Accomplishments in 2012

- Completed 94 consultant engineering overhead rate audits, 18 utility company rate audits, 14 cost allocation plan reviews, five special reviews and three 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

A significant portion of the Internal Review's audit work is performed on the federal programs on specific projects. The most cost-effective method of meeting audit requirements is to perform the audits in-house. It is important for the Internal Review Section to sustain an adequate staff size and meet training and travel requirements.

Significant Changes in Results to be Delivered in FY2014

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
<p>Contact: Robert W. Janes, Chief of Internal Review Phone: (907) 465-2080 Fax: (907) 586-8365 E-mail: bob.janes@alaska.gov</p>

Internal Review Component Financial Summary			
		<i>All dollars shown in thousands</i>	
	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	949.4	933.2	946.2
72000 Travel	46.4	61.5	61.5
73000 Services	49.0	102.8	89.8
74000 Commodities	12.9	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	1,057.7	1,130.1	1,130.1
Funding Sources:			
1004 General Fund Receipts	224.6	231.3	231.3
1027 International Airport Revenue Fund	96.8	100.0	100.0
1061 Capital Improvement Project Receipts	736.3	798.8	798.8
Funding Totals	1,057.7	1,130.1	1,130.1

Estimated Revenue Collections				
Description	Master Revenue Account	FY2012 Actuals	FY2013 Management Plan	FY2014 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	736.3	798.8	798.8
Restricted Total		736.3	798.8	798.8
Total Estimated Revenues		736.3	798.8	798.8

**Summary of Component Budget Changes
From FY2013 Management Plan to FY2014 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>
FY2013 Management Plan	231.3	0.0	898.8	0.0	1,130.1
FY2014 Governor	231.3	0.0	898.8	0.0	1,130.1

Internal Review Personal Services Information				
Authorized Positions			Personal Services Costs	
	FY2013 Management Plan	FY2014 Governor		
Full-time	7	7	Annual Salaries	588,498
Part-time	0	0	Premium Pay	13,009
Nonpermanent	0	0	Annual Benefits	345,088
			<i>Less 0.04% Vacancy Factor</i>	(352)
			Lump Sum Premium Pay	0
Totals	7	7	Total Personal Services	946,243

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant II	1	0	0	0	1
Internal Auditor I	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)

	FY2012 Actuals	FY2013 Conference Committee	FY2013 Authorized	FY2013 Management Plan	FY2014 Governor	FY2013 Management Plan vs FY2014 Governor	
71000 Personal Services	949.4	1,012.7	1,012.7	933.2	946.2	13.0	1.4%
72000 Travel	46.4	36.3	36.3	61.5	61.5	0.0	0.0%
73000 Services	49.0	68.3	68.3	102.8	89.8	-13.0	-12.6%
74000 Commodities	12.9	12.8	12.8	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	1,057.7	1,130.1	1,130.1	1,130.1	1,130.1	0.0	0.0%
Fund Sources:							
1004 Gen Fund (UGF)	224.6	231.3	231.3	231.3	231.3	0.0	0.0%
1027 Int Airprt (Other)	96.8	100.0	100.0	100.0	100.0	0.0	0.0%
1061 CIP Rcpts (Other)	736.3	798.8	798.8	798.8	798.8	0.0	0.0%
Unrestricted General (UGF)	224.6	231.3	231.3	231.3	231.3	0.0	0.0%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	833.1	898.8	898.8	898.8	898.8	0.0	0.0%
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 FY2013 Conference Committee To FY2013 Authorized *****												
FY2013 Conference Committee												
ConfCom		1,130.1	1,012.7	36.3	68.3	12.8	0.0	0.0	0.0	7	0	0
1004 Gen Fund		231.3										
1027 Int Airprt		100.0										
1061 CIP Rcpts		798.8										
Subtotal		1,130.1	1,012.7	36.3	68.3	12.8	0.0	0.0	0.0	7	0	0
***** Changes From FY2013 Authorized To FY2013 Management Plan *****												
Align Authority to Comply with Vacancy Factor Guidelines												
LIT		0.0	-79.5	25.2	34.5	19.8	0.0	0.0	0.0	0	0	0
<p>Capital Improvement Program receipts are available for transfer due to the retirement of two long-term employees in pay increment status and subsequent appointments placed at near entry steps. Additional authority is needed in the travel line due to an increase in travel cost due to the training of newly hired staff. Authority is needed in the services line for the increased costs associated with the federal compliance audit Reimbursable Services Agreement (RSA) and conference/training costs for newly hired staff. Additional authority is needed in the commodities line for information technology supplies, office equipment and furnishings.</p>												
Subtotal		1,130.1	933.2	61.5	102.8	32.6	0.0	0.0	0.0	7	0	0
***** Changes From FY2013 Management Plan To FY2014 Governor *****												
Align Authority to Comply with Vacancy Factor Guidelines												
LIT		0.0	13.0	0.0	-13.0	0.0	0.0	0.0	0.0	0	0	0
<p>Transfer capital improvement program (CIP) receipt authority to comply with vacancy factor guidelines. Additional CIP authority is needed in personal services due to higher personal services costs associated with multiple employees in pay increment status. Expenditures are being reduced to offset the funding that is necessary in the personal services line.</p>												
Totals		1,130.1	946.2	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: FY2014 Governor (10289)
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	25M / N	12.0		133,088	0	0	66,048	199,136	156,401
25-0035	Internal Auditor III	FT	A	GG	Anchorage	200	21M / N	12.0		96,567	0	0	53,711	150,278	135,250
25-0036	Internal Auditor IV	FT	A	SS	Anchorage	200	23N / O	12.0		115,044	0	0	60,222	175,266	161,245
25-0038	Administrative Assistant II	FT	A	GP	Anchorage	200	14B / C	12.0		44,002	0	1,615	34,136	79,753	79,753
25-0039	Internal Auditor I	FT	A	GP	Anchorage	200	16B / C	12.0		50,910	0	5,697	38,359	94,966	80,721
25-0040	Internal Auditor I	FT	A	GP	Anchorage	200	16B / C	12.0		49,779	0	5,697	37,924	93,400	79,390
25-0041	Internal Auditor III	FT	A	GP	Anchorage	200	21M / N	12.0		99,108	0	0	54,688	153,796	153,796

	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:	588,498
Total COLA:	0
Total Premium Pay:	13,009
Total Benefits:	345,088
Total Pre-Vacancy:	946,595
Minus Vacancy Adjustment of 0.04%:	(352)
Total Post-Vacancy:	946,243
Plus Lump Sum Premium Pay:	0
Personal Services Line 100:	946,243

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1004 General Fund Receipts	204,485	204,409	21.60%
1027 International Airport Revenue Fund	100,039	100,001	10.57%
1039 U/A Indirect Cost Recovery	642,071	641,833	67.83%
Total PCN Funding:	946,595	946,243	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		FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
72000	Travel		46.4	61.5	61.5
Expenditure Account			FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
	Servicing Agency	Explanation			
72000 Travel Detail Totals			46.4	61.5	61.5
72100	Instate Travel	In state travel for auditors.	27.9	33.0	33.0
72400	Out Of State Travel	Out of state travel for auditors.	18.5	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		FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
73000	Services		49.0	102.8	89.8
Expenditure Account	Servicing Agency	Explanation	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
73000 Services Detail Totals			49.0	102.8	89.8
73026	Training/Conferences	Conference registration fees for staff.	5.0	10.9	10.9
73029	Memberships	Departmental membership fees.	1.2	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.	1.3	1.4	1.4
73156	Telecommunication	Long distance telephone charges, cell phones.	0.1	0.1	0.1
73227	Courier	Courier charges.	0.2	1.2	1.2
73228	Postage	Postage.	0.8	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.	0.4	2.5	2.5
73681	Other Equip/Mach(Non IA Repair/Maint)	Repair/Maintenance of other equipment.	0.2	1.2	1.2
73755	Safety Services	Security system monitoring.	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.	2.0	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.	8.3	8.3	8.3
73809	Mail	Central Mail Chargeback fees for central mail services such as	0.1	0.4	0.4

Line Item Detail
Department of Transportation/Public Facilities
Services

Component: Internal Review (2356)

RDU: Administration and Support (333)

Expenditure Account	Servicing Agency	Explanation	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
73000 Services Detail Totals			49.0	102.8	89.8
		mailing vendor payments (AKSAS) and payroll warrants (AKPAY).			
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.	24.5	64.0	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.	3.8	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		FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
74000	Commodities		12.9	32.6	32.6
Expenditure Account	Servicing Agency	Explanation	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
74000 Commodities Detail Totals			12.9	32.6	32.6
74222	Books And Educational	Materials for auditors in Anchorage, Fairbanks and Juneau.	0.3	2.4	2.4
74226	Equipment & Furniture	Office equipment and furnishings.	0.1	6.7	6.7
74229	Business Supplies	Office supplies for offices in Anchorage, Fairbanks, and Juneau.	5.5	8.9	8.9
74233	Info Technology Equip	Data processing supplies for three offices in Anchorage, Fairbanks, and Juneau.	6.6	12.8	12.8
74236	Subscriptions	Subscriptions for offices in Anchorage, Fairbanks and Juneau.	0.1	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				FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
51200	Capital Improvement Project Receipts				736.3	798.8	798.8
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
59465	Indirect CIP Receipts				736.3	798.8	798.8
	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	FY2012 Actuals	FY2013		
					Management Plan	FY2014 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	2.0	3.1	3.1
				73805 IT-Non-Telecommunication subtotal:	2.0	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	8.3	8.3	8.3
				73806 IT-Telecommunication subtotal:	8.3	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	24.5	64.0	51.0
				73813 Auditing subtotal:	24.5	64.0	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	3.8	4.0	4.0
				73848 State Equip Fleet subtotal:	3.8	4.0	4.0
				Internal Review total:	39.6	81.7	68.7
				Grand Total:	39.6	81.7	68.7