

State of Alaska FY2018 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.

Major Component Accomplishments in 2016

- Completed 70 consultant engineering overhead rate audits, 11 utility company rate audits, 13 cost allocation plan reviews, one internal audit, and five special reviews to assure rates and other charges under contracts with the department are supportable and meet federal requirements.

Key Component Challenges

- Increasing employee proficiency in the new statewide accounting and procurement system, Integrated Resource Information System (IRIS).

Significant Changes in Results to be Delivered in FY2018

- Results Based Alignment will be used to fine tune performance measures that quantify outcomes (not activities), drive decision making, and determine program and service priorities.
- Continuing to learn and use the finance, procurement, and HRM modules in IRIS.
- Participate in department-wide organizational review and implement organizational changes
- Increased scheduled audits of departmental functions using a risk based approach with management team input.

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) 2 CFR 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards)

Contact Information

Contact: Sunny Haight, Division Operations Manager

Phone: (907) 465-8440

Fax: (907) 465-3124

E-mail: sunny.haight@alaska.gov

Internal Review Personal Services Information					
Authorized Positions			Personal Services Costs		
	<u>FY2017</u> <u>Management</u> <u>Plan</u>	<u>FY2018</u> <u>Governor</u>			
Full-time	5	4	Annual Salaries		375,427
Part-time	0	0	Premium Pay		0
Nonpermanent	0	0	Annual Benefits		208,945
			<i>Less 0.13% Vacancy Factor</i>		(772)
			Lump Sum Premium Pay		0
Totals	5	4	Total Personal Services		583,600

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Audit & Review Analyst II	3	0	0	0	3
Audit & Review Analyst III	1	0	0	0	1
Totals	4	0	0	0	4

Component Detail All Funds
Department of Transportation/Public Facilities

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

Non-Formula Component

	FY2016 Actuals	FY2017 Conference Committee	FY2017 Authorized	FY2017 Management Plan	FY2018 Governor	FY2017 Management Plan vs FY2018 Governor	
71000 Personal Services	852.9	691.9	691.9	649.7	583.6	-66.1	-10.2%
72000 Travel	6.5	16.4	16.4	16.4	16.4	0.0	0.0%
73000 Services	102.5	75.5	75.5	117.7	179.0	61.3	52.1%
74000 Commodities	1.1	12.1	12.1	12.1	12.1	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	963.0	795.9	795.9	795.9	791.1	-4.8	-0.6%
Fund Sources:							
1027Int Airprt (Other)	103.8	104.0	104.0	104.0	104.4	0.4	0.4%
1061CIP Rcpts (Other)	859.2	691.9	691.9	691.9	686.7	-5.2	-0.8%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	963.0	795.9	795.9	795.9	791.1	-4.8	-0.6%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	6	6	6	5	4	-1	-20.0%
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 FY2017 Conference Committee To FY2017 Authorized *****												
FY2017 Conference Committee	ConfCom	795.9	691.9	16.4	75.5	12.1	0.0	0.0	0.0	6	0	0
1027 Int Airprt		104.0										
1061 CIP Rcpts		691.9										
Subtotal		795.9	691.9	16.4	75.5	12.1	0.0	0.0	0.0	6	0	0

***** Changes From FY2017 Authorized To FY2017 Management Plan *****												
Delete Internal Auditor IV (25-0025)	PosAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0

The following position is being deleted to satisfy the FY2017 unallocated reduction. The department received an unallocated reduction for one-time salary adjustments in FY2016. Authority associated with this position was deleted as part of the FY2017 Governor's amended scenario.

Position being deleted:

25-0025, full-time, Internal Auditor IV, range 25, Juneau

Align Authority to Comply with Vacancy Factor Guidelines	LIT	0.0	-42.2	0.0	42.2	0.0	0.0	0.0	0.0	0	0	0
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Due to turnover of long term staff, Internal Review has more personal services than necessary to maintain a zero percent vacancy factor, therefore, it is necessary to transfer authority to the services line to comply with vacancy factor guidelines. The Internal Review component will have a zero percent vacancy factor after this transfer.

Authority will be used in the services line to cover the fluctuating federal compliance audit reimbursable services agreement with the Division of Legislative Audit.

Subtotal		795.9	649.7	16.4	117.7	12.1	0.0	0.0	0.0	5	0	0
***** Changes From FY2017 Management Plan To FY2018 Governor *****												
FY2018 Salary and Health Insurance Increases	SalAdj	2.1	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1027 Int Airprt		0.2										
1061 CIP Rcpts		1.9										

Includes: ACOA COLA, 2.25% per contract ending 6/30/2018; GGU HI increase from \$1346 to \$1389; LTC HI increase from \$1363 to \$1432.: \$2.1

FY2018 PS Health Ins.: \$2.1

Align Authority to Comply with Vacancy Factor Guidelines

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	
	LIT	0.0	17.1	0.0	-17.1	0.0	0.0	0.0	0.0	0	0	0

The Internal Review component has four employees with no anticipated vacancies. This transfer will allow the component to budget a 0% vacancy factor.

Authority is available from the services line due to planned reduction in spending in order to meet personal services needs.

Transfer to Department of Administration for Shared Services of Alaska Implementation

	Atroat	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
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The Department of Transportation and Public Facilities is transferring an initial wave of positions to the Shared Services of Alaska organization for accounts payable and travel and expense activities.

The Shared Services organizational structure provides back-office support for common administrative functions, allowing the agency to focus more closely on core mission responsibilities.

The Shared Services organization model will increase the quality and speed of service delivery, and increase client satisfaction while decreasing the overall cost to the department for performing these functions. This is achieved through a business structure focused on continuous process improvement that includes standardizing business processes and improving transaction cycle-times. It is anticipated that an initial ten percent savings can be realized in FY2018 for these activities, with increased savings in future fiscal years.

Budget authority is retained by the department to fund a reimbursable services agreement with Shared Services of Alaska for the cost of services provided.

The following PCN is transferred to the Shared Services organization:

Full-time, Administrative Assistant II (25-0038), range 14, located in Anchorage

Savings from Shared Services of Alaska Implementation

	Dec	-8.7	-8.7	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1061 CIP Rcpts		-8.7										

The Department of Transportation and Public Facilities is transferring an initial wave of positions to the Shared Services of Alaska organization for accounts payable and travel and expense activities.

It is anticipated that an initial ten percent savings in personal services costs can be realized in FY2018 for these activities, with increased savings in future fiscal years as the organization matures.

The remaining personal services authority will be used to fund a reimbursable services agreement with Shared Services of Alaska for the cost of services provided.

The Shared Services organizational structure provides back-office support for common administrative functions, allowing the agency to focus more closely on core mission responsibilities.

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	
<p>The Shared Services organization model will increase the quality and speed of service delivery, and increase client satisfaction while decreasing the overall cost to the department for performing these functions. This is achieved through a business structure focused on continuous process improvement that includes standardizing business processes and improving transaction cycle-times.</p>												
Align Authority for Shared Services of Alaska Reimbursable Services Agreement												
	LIT	0.0	-78.4	0.0	78.4	0.0	0.0	0.0	0.0	0	0	0
<p>The Department of Transportation and Public Facilities is transferring an initial wave of positions to the Shared Services of Alaska organization for accounts payable and travel and expense activities. Services authority is needed to fund a reimbursable services agreement with the Department of Administration for these activities.</p> <p>The Shared Services organizational structure provides back-office support for common administrative functions, allowing the agency to focus more closely on core mission responsibilities.</p> <p>The Shared Services organization model will increase the quality and speed of service delivery, and increase client satisfaction while decreasing the overall cost to the department for performing these functions. This is achieved through a business structure focused on continuous process improvement that includes standardizing business processes and improving transaction cycle-times.</p> <p>It is anticipated that an initial ten percent savings in personal services costs can be realized in FY2018 for these activities, with increased savings in future fiscal years as the organization matures. The remaining personal services authority is transferred to services to fund a reimbursable services agreement with Shared Services of Alaska for the cost of services provided.</p>												
Supervisory Unit 15 Hour Furlough Contract Terms												
	SalAdj	-0.7	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1027 Int Airprt		-0.1										
1061 CIP Rcpts		-0.6										
<p>Alaska Public Employees Association, supervisory unit, 15 hours of furlough required for each permanent full-time employee in each year from July 1, 2016 to June 30, 2018.</p>												
FY2018 Alaska Care & PSEA Health Insurance Increase												
	SalAdj	2.5	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1027 Int Airprt		0.3										
1061 CIP Rcpts		2.2										
<p>Alaska Care rate increase from \$1346 to \$1555 per month for APEA members. \$2.5</p>												
Totals		791.1	583.6	16.4	179.0	12.1	0.0	0.0	0.0	4	0	0

Personal Services Expenditure Detail
Department of Transportation/Public Facilities

Scenario: FY2018 Governor (13956)
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	UGF Amount
25-0035	Audit & Review Analyst II	FT	A	GP	Anchorage	200	21E / F	12.0		80,305	0	0	46,687	126,992	0
25-0036	Audit & Review Analyst III	FT	A	SS	Anchorage	200	23N	12.0		122,477	0	0	64,407	186,884	0
25-0039	Audit & Review Analyst II	FT	A	GP	Anchorage	200	21E / F	12.0		80,305	0	0	46,687	126,992	0
25-0041	Audit & Review Analyst II	FT	A	GP	Anchorage	200	21K	12.0		92,340	0	0	51,164	143,504	0
													Total Salary Costs:	375,427	
													Total COLA:	0	
													Total Premium Pay::	0	
													Total Benefits:	208,945	
													Total Pre-Vacancy:	584,372	
													Minus Vacancy Adjustment of 0.13%:	(772)	
													Total Post-Vacancy:	583,600	
													Plus Lump Sum Premium Pay:	0	
													Personal Services Line 100:	583,600	
Total Component Months:		48.0													

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1027 International Airport Revenue Fund	79,386	79,281	13.58%
1039 U/A Indirect Cost Recovery	504,986	504,319	86.42%
Total PCN Funding:	584,372	583,600	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 (1676)
Department of Transportation/Public Facilities
Travel

Component: Internal Review (2356)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
2000	Travel		6.5	16.4	16.4
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
2000 Travel Detail Totals			6.5	16.4	16.4
2000	In-State Employee Travel	In-state employee travel.	5.6	11.4	11.4
2002	Out of State Employee Travel	Out of state employee travel.	0.9	5.0	5.0

Line Item Detail (1676)
Department of Transportation/Public Facilities
Services

Component: Internal Review (2356)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3000	Services		102.5	117.7	179.0
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3000 Services Detail Totals			102.5	117.7	179.0
3000	Education Services	Training, conferences, memberships and employee tuition.	7.7	8.5	6.4
3001	Financial Services	Print, copy, and graphics services.	0.2	1.3	0.2
3003	Information Technology	All information technology (IT) contractual costs such as software licensing, software maintenance, IT training, IT consulting, and IT equipment leases. Includes Microsoft Enterprise Agreement.	1.6	3.0	1.6
3004	Telecommunications	Long distance, internet, data, network usage and cellular phone charges.	1.7	3.0	1.5
3006	Delivery Services	Postage, courier or freight charges.	0.3	1.0	0.3
3008	Utilities	Water, sewer and disposal charges.	0.1	1.0	0.1
3010	Equipment/Machinery	Repairs/Maintenance of office furniture & equipment.	0.5	2.0	0.5
3011	Other Services	Security system monitoring.	0.1	0.5	0.1
3011	Other Services	Processing fees charged by the State Travel Office.	0.1	0.5	0.3
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide 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.	2.4	3.5	2.4
3018	Inter-Agency Information Technology	Admin - Department-wide Telecommunications services	6.1	6.5	6.0

Line Item Detail (1676)
Department of Transportation/Public Facilities
Services

Component: Internal Review (2356)

Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3000 Services Detail Totals			102.5	117.7	179.0
Telecommunications		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.			
3021 Inter-Agency Mail	Admin - Department-wide	Chargeback fees for central mail services such as mailing vendor payments and payroll warrants.	0.1	0.2	0.2
3025 Inter-Agency Auditing	Legis - Department-wide	Federal Compliance Audit reimbursable services agreement.	80.9	85.2	80.0
3027 Inter-Agency Financial	Admin - Department-wide	Chargeback fees for AKPAY/IRIS/ALDER.	0.4	0.5	0.5
3037 State Equipment Fleet	Trans - State Equipment Fleet (2791)	Transportation-fleet vehicle for Anchorage office.	0.3	1.0	0.5
3038 Inter-Agency Management/Consulting	Admin - Department-wide	Shared Services of Alaska accounts payable and travel and expense activities.	0.0	0.0	78.4

Line Item Detail (1676)
Department of Transportation/Public Facilities
Commodities

Component: Internal Review (2356)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
4000	Commodities		1.1	12.1	12.1
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
4000 Commodities Detail Totals			1.1	12.1	12.1
4000	Business	General office supplies and commodities.	1.1	6.0	6.0
4000	Business	Data processing supplies.	0.0	5.0	5.0
4000	Business	Subscriptions	0.0	0.2	0.2
4002	Household/Institutional	Materials, office equipment and furnishings.	0.0	0.9	0.9

Revenue Detail (1681)
Department of Transportation/Public Facilities

Component: Internal Review (2356)

Revenue Type (OMB Fund Code)				FY2017	
Revenue Source	Component	Comment	FY2016 Actuals	Management Plan	FY2018 Governor
5061 CIP Rcpts (1061 CIP Rcpts)			859.2	691.9	686.7
5351 Capital Improvement Project Inter-Agency		Recovery of indirect costs from the capital budget via the department's Indirect Cost Allocation Plan (ICAP).	859.2	691.9	686.7

Inter-Agency Services (1682)
Department of Transportation/Public Facilities

Component: Internal Review (2356)

				FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
Component Totals				90.2	96.9	168.0
With Department of Administration				9.0	10.7	87.5
With Legislature				80.9	85.2	80.0
With Department of Transportation/Public Facilities				0.3	1.0	0.5
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor	
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide 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.	2.4	3.5	2.4	
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide 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.	6.1	6.5	6.0	
3021	Inter-Agency Mail	Admin - Department-wide Chargeback fees for central mail services such as mailing vendor payments and payroll warrants.	0.1	0.2	0.2	
3025	Inter-Agency Auditing	Legis - Department-wide Federal Compliance Audit reimbursable services agreement.	80.9	85.2	80.0	
3027	Inter-Agency Financial	Admin - Department-wide Chargeback fees for AKPAY/IRIS/ALDER.	0.4	0.5	0.5	
3037	State Equipment Fleet	Trans - State Equipment Fleet (2791) Transportation-fleet vehicle for Anchorage office.	0.3	1.0	0.5	
3038	Inter-Agency Management/Consulting	Admin - Department-wide Shared Services of Alaska accounts payable and travel and expense activities.	0.0	0.0	78.4	