

# Budget Brief – DAS Division of Finance - Administration

NUMBER CFGO-08-09

## SUMMARY

The Division of Finance is the State of Utah’s central financial accounting office. The division provides direction regarding fiscal matters, financial systems, processes and information. This includes maintaining accounting and payroll systems, ensuring compliance with state financial laws, maintaining a data warehouse of financial information, producing the state’s financial reports, processing the state’s payments, and operating the state’s travel agency.

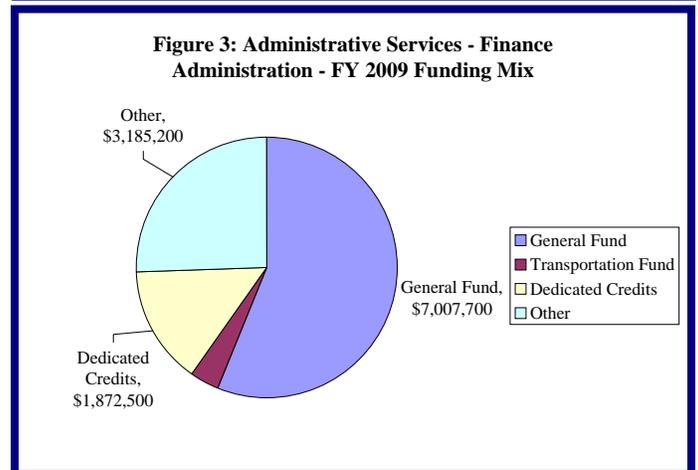
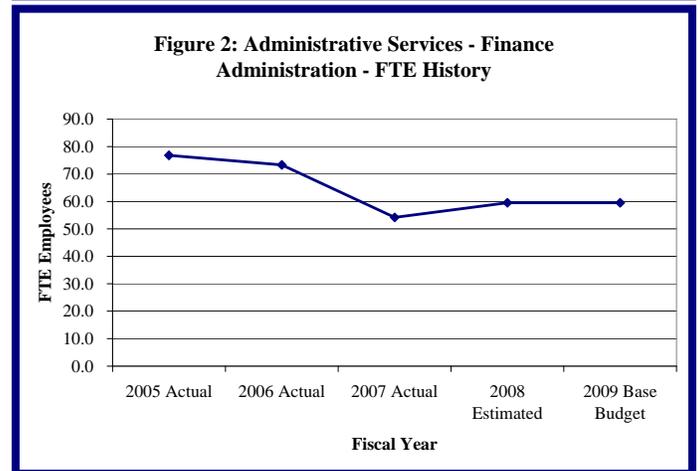
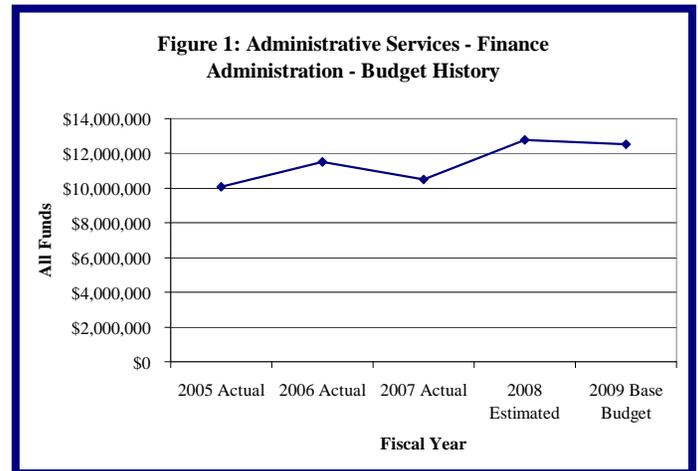
The Division of Finance is divided into six programs (Director, Payroll, Payables/Disbursing, Technical Services, Financial Reporting and Financial Information Systems) to accomplish its mission. Some of its key functions are to:

- Produce the State’s Comprehensive Annual Financial Report (CAFR)
- Ensure compliance with generally accepted accounting principles
- Disburse all payments to vendors/contractors and employees
- Develop, operate, and maintain accounting systems to control spending, state assets and state loans
- Process the state’s payroll
- Account for revenues collected by all agencies

## ISSUES AND RECOMMENDATIONS

### *Workload Growth*

The division monitors the fund balances, expenditures, and revenues of all state funds. Over the last eight years 76 new state funds have been created through legislation. The division considers asking for one additional FTE for every ten new funds, however, the division has not received an FTE increase in the last eight years. The division is now requesting one additional FTE to help offset the increasing workload in the Financial Reporting program that tracks the state funds. The Analyst recommends funding one additional FTE with \$86,700 ongoing in FY 2009 from the ISF Overhead General Fund Restricted account.



**Non-Lapsing Balance**

The division of Finance ended FY 2007 with a \$4,155,100 closing balance that it had authority to not-lapse. The chart at right shows the four year history of the Division’s non-lapsing balance. The Financial Information Systems program has used the majority of Division’s non-lapsing balance in order to support and improve the State’s FINET system.

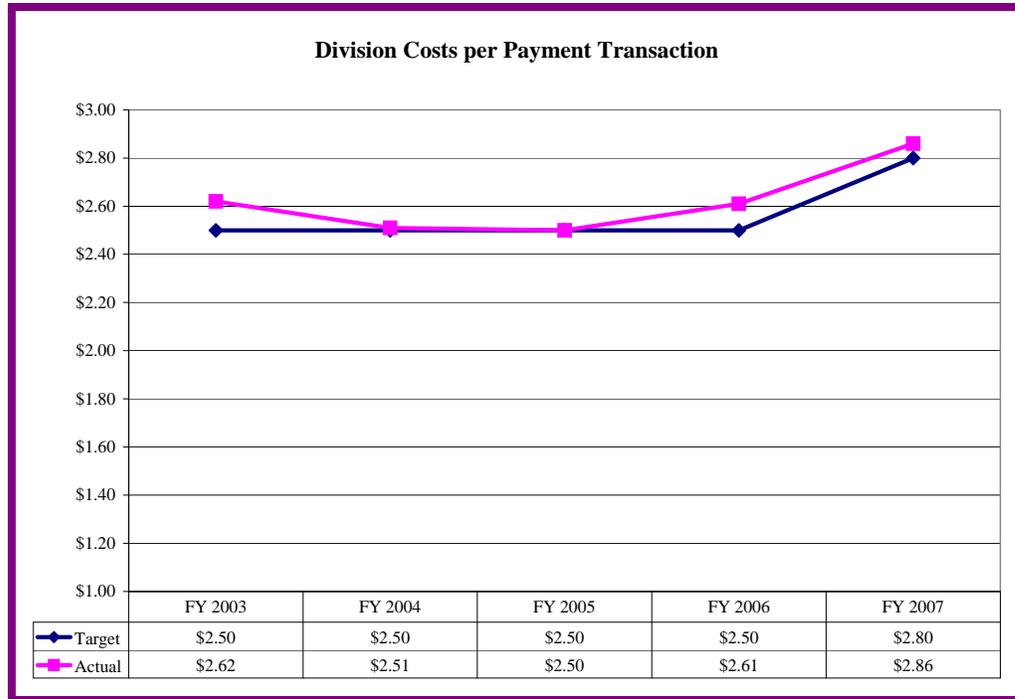
Programs	Non-Lapsing Balances			
	FY 2004	FY 2005	FY 2006	FY 2007
Director's Office	\$0	\$0	\$0	\$0
Payroll	\$500,000	\$860,500	\$1,150,000	\$1,373,000
Payables/Disbursing	\$0	\$0	\$0	\$0
Technical Services	\$398,400	\$384,200	\$381,100	\$525,000
Financial Reporting	\$0	\$50,000	\$31,000	\$106,000
Financial Info. Systems	\$4,685,500	\$4,054,200	\$2,650,000	\$2,151,100
<b>Total</b>	<b>\$5,583,900</b>	<b>\$5,348,900</b>	<b>\$4,212,100</b>	<b>\$4,155,100</b>

The non-lapsing balance in the Financial Information System program has decreased significantly from FY 2004 to FY 2007 as the Division upgraded the statewide FINET and DataWarehouse systems, which are the financial backbone of the State that all agencies use to track and record expenditures and revenues. The Division is currently using the non-lapsing balance in this program to improve disaster recovery capabilities for the State’s critical financial information in the event of a disaster or catastrophe. The Division requests that it be allowed to keep a majority of its non-lapsing balances in order to continue to fund upgrade projects for its systems and to finalize the disaster recovery plan for the State’s financial information systems and the payroll system. The Analyst agrees with their request and recommends that the committee reallocate \$775,000 of the Division’s non-lapsing balance (\$350,000 from Payroll, \$125,000 from Technical Services, \$50,000 from Financial Reporting, and \$250,000 from Financial Information Systems) to other priorities within the Subcommittee.

**ACCOUNTABILITY DETAIL**

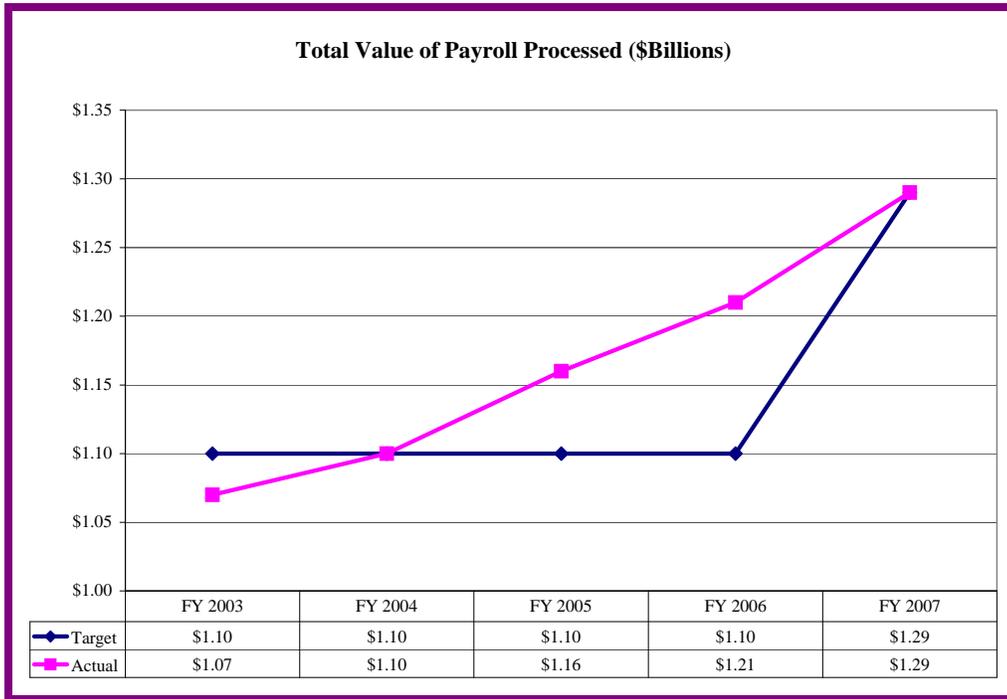
**Division Costs per Payment Transaction**

This is a measure of the total division costs (except new computer system projects) divided by the number of checks and electronic fund transfers issued. It is intended to gauge the efficiency of the organization.



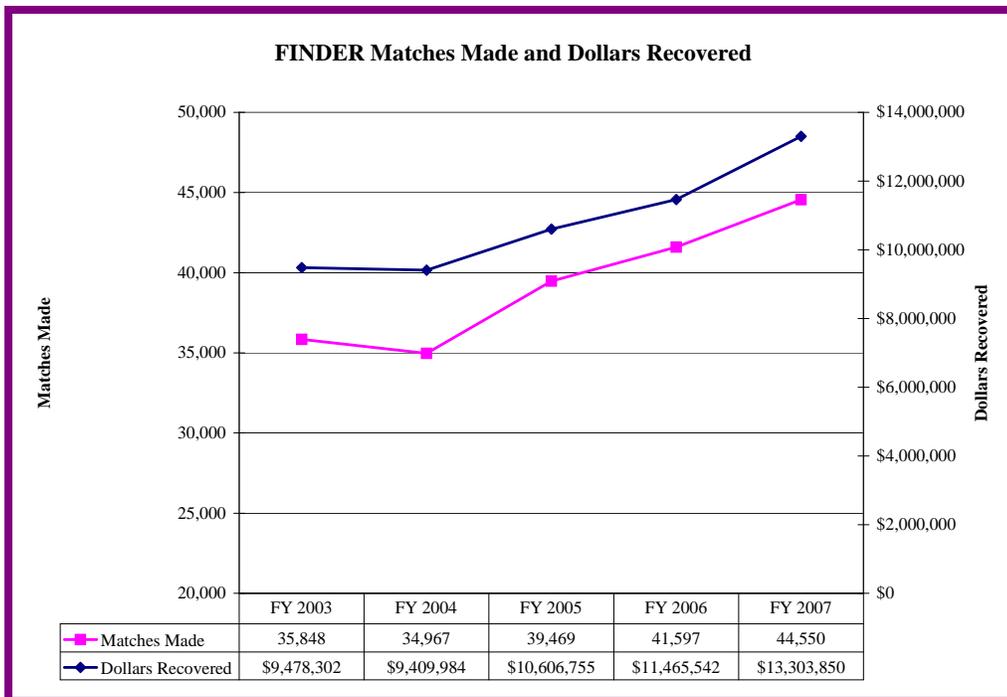
**Total Value of Payroll Processed (\$ in Billions)**

Perhaps the most important function of the Payroll program is to issue payments on time. In FY 2007 the program had 100 percent on-time payroll. This is an indication that the payroll system was available to agencies for timely data entry. The total value of payroll processed is always increasing.



***FINDER Matches Made and Dollars Recovered***

The FINDER program matches tax refunds and vendor payments with outstanding receivables due the state. Those receivables include tax bills, child support, student loans, parking and moving violations, and unemployment insurance. If a match is made, the payment or tax refund is intercepted and paid to the entity owed. The number of matches and dollars recovered has grown steadily since FY 1995.



**BUDGET DETAIL**

Dedicated Credits are generated from user fees in the travel office, administrative costs charged to the Finder System, and overhead charges made for accounting services.

Because of the large amount of data processed for the Department of Transportation, a portion of the Financial Information Systems program is funded from the Transportation Fund.

**Intent Language**

The Analyst recommends the Legislature adopt the following intent language for FY 2008:

*Under terms of UCA 63-38-8.1(3), the Legislature intends not to lapse Item 39, Chapter 1, or Item 37, Chapter 371, Laws of Utah 2007. Expenditure of these funds is limited to an actuarial study of post-employment benefits and the maintenance, operation, and development of statewide accounting systems.*

**LEGISLATIVE ACTION**

The Analyst recommends the Legislature consider adopting:

1. A total FY 2008 base appropriation of \$12,515,400 for the Division of Finance.
2. Intent language making the appropriation nonlapsing for purposes specified.
3. One additional FTE for the Financial Reporting program for FY 2009 with \$86,700 from the ISF Overhead General Fund Restricted account.
4. A reallocation of \$775,000 one-time from the Division's non-lapsing balance to other Subcommittee priorities.

**BUDGET DETAIL TABLE**

Administrative Services - Finance Administration						
Sources of Finance	FY 2007 Actual	FY 2008 Appropriated	Changes	FY 2008 Revised	Changes	FY 2009* Base Budget
General Fund	6,748,700	7,007,700	0	7,007,700	0	7,007,700
General Fund, One-time	(63,900)	0	0	0	0	0
Transportation Fund	450,000	450,000	0	450,000	0	450,000
Federal Funds	0	300	(300)	0	0	0
Dedicated Credits Revenue	1,995,200	1,868,900	3,600	1,872,500	0	1,872,500
GFR - ISF Overhead	1,296,500	1,299,600	0	1,299,600	0	1,299,600
Beginning Nonlapsing	4,212,100	1,780,100	2,375,000	4,155,100	(2,129,100)	2,026,000
Closing Nonlapsing	(4,155,100)	(443,800)	(1,582,200)	(2,026,000)	1,885,600	(140,400)
<b>Total</b>	<b>\$10,483,500</b>	<b>\$11,962,800</b>	<b>\$796,100</b>	<b>\$12,758,900</b>	<b>(\$243,500)</b>	<b>\$12,515,400</b>
<b>Programs</b>						
Finance Director's Office	356,900	387,000	0	387,000	0	387,000
Payroll	1,643,600	1,876,400	606,500	2,482,900	187,000	2,669,900
Payables/Disbursing	1,987,900	2,364,900	(59,400)	2,305,500	0	2,305,500
Technical Services	1,619,900	1,878,000	222,100	2,100,100	25,000	2,125,100
Financial Reporting	1,320,800	1,514,300	159,600	1,673,900	(155,500)	1,518,400
Financial Information Systems	3,554,400	3,942,200	(132,700)	3,809,500	(300,000)	3,509,500
<b>Total</b>	<b>\$10,483,500</b>	<b>\$11,962,800</b>	<b>\$796,100</b>	<b>\$12,758,900</b>	<b>(\$243,500)</b>	<b>\$12,515,400</b>
<b>Categories of Expenditure</b>						
Personal Services	4,197,300	4,791,800	28,300	4,820,100	0	4,820,100
In-State Travel	400	2,600	(100)	2,500	0	2,500
Out of State Travel	10,600	20,300	1,700	22,000	0	22,000
Current Expense	977,300	1,154,900	(15,200)	1,139,700	(56,000)	1,083,700
DP Current Expense	3,909,800	4,569,500	715,500	5,285,000	(314,500)	4,970,500
DP Capital Outlay	1,388,100	1,423,700	65,900	1,489,600	127,000	1,616,600
Other Charges/Pass Thru	0	0	0	0	0	0
<b>Total</b>	<b>\$10,483,500</b>	<b>\$11,962,800</b>	<b>\$796,100</b>	<b>\$12,758,900</b>	<b>(\$243,500)</b>	<b>\$12,515,400</b>
<b>Other Data</b>						
Budgeted FTE	59.5	59.5	0.0	59.5	0.0	59.5
Actual FTE	54.2	0.0	0.0	0.0	0.0	0.0

\*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.