

Budget Brief – DAS Division of Finance - Administration

NUMBER CFGO-07-09

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

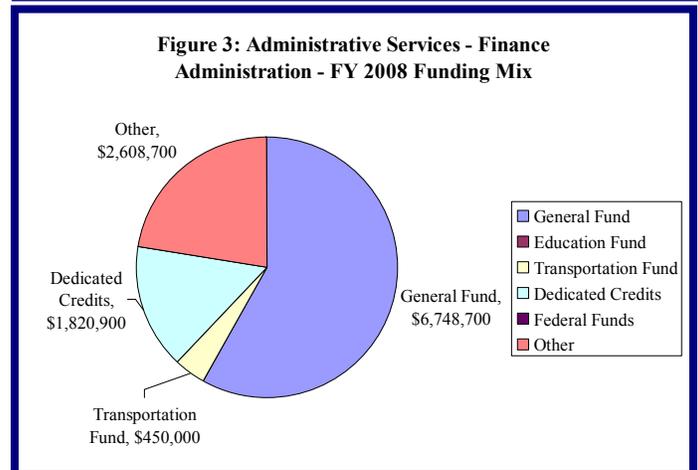
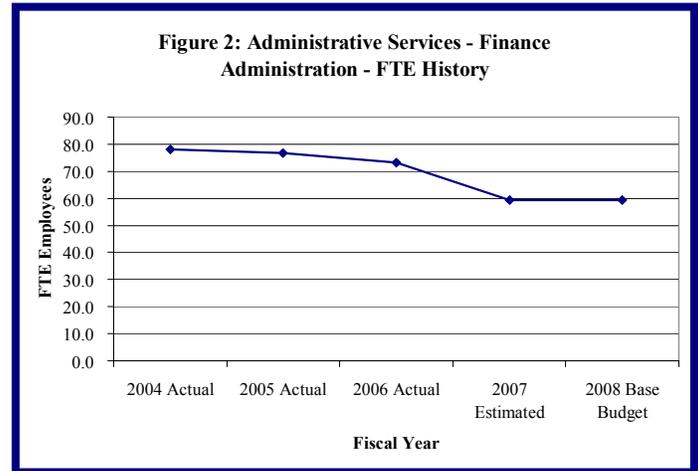
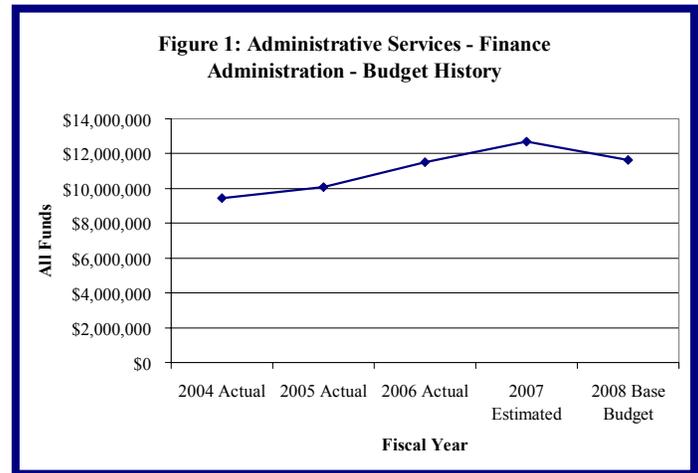
ISSUES AND RECOMMENDATIONS

FTE Transfers

In FY 2007 the division has been impacted by statewide reorganizations. Twenty-two FTEs, equating to 27 percent of the division’s previously existing positions, have been transferred to the new Department of Technology Services. Although these FTE no longer work for the division per se, they continue to support division programs. Personal service costs will be lower than before, but current expenses for ISF rate payments will be higher.

Personal Vehicle Use Reimbursement

Since the 2000 General Session the Legislature has asked the Department of Administrative Services to require agencies to reimburse employees for personal vehicle use at a rate equal to, or less than, the per-mile cost of a mid-size sedan operated by the Division of Fleet Operations, if a state vehicle was available.



This policy was formerly in appropriation intent language, but was stricken due to the fact that it didn't directly relate to an appropriation. However, the goal of the policy remains to encourage employees to use vehicles already in the state motor pool. When employees request reimbursement for using a personal vehicle on long trips, the state pays for a vehicle twice—once for the employee's mileage and again for the unused state vehicle. The following table shows personal vehicle mileage reimbursements since FY 2002.

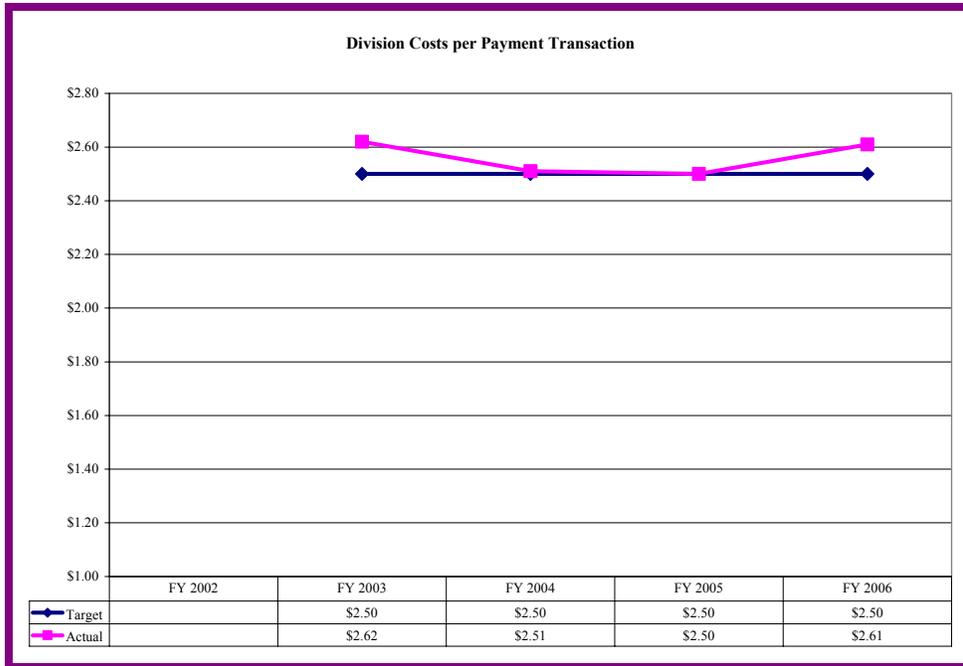
Personal Vehicle Mileage Reimbursement					
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
In State	\$2,755,900	\$2,802,500	\$2,809,200	\$3,116,900	\$3,342,700
Out of State	\$68,300	\$62,900	\$60,100	\$68,600	\$78,300
Total	\$2,824,200	\$2,865,400	\$2,869,300	\$3,185,500	\$3,421,000

As gasoline prices and maintenance costs rise, the cost of operating a state sedan rises and the reimbursement rate is adjusted accordingly. For reimbursements when no state vehicle was available, the division adjusts its rates annually to match IRS approved rates.

ACCOUNTABILITY DETAIL

Division Costs per Payment Transaction

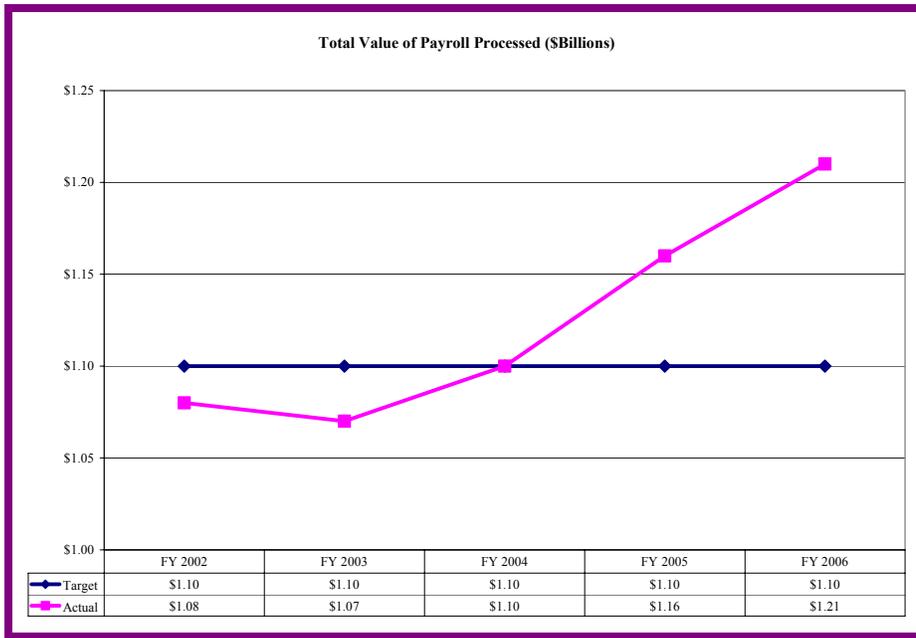
This is a measure of the total division costs (except new computer system projects) divided by the number of checks and electronic fund transfers issued. It is intended to gauge the efficiency of the organization.



The division had a slight increase in FY 2006 due to increasing personnel costs and receipt of \$260,000 in federal funds for Hurricane Katrina victims. Nevertheless, the actual number of division FTEs has been gradually declining since FY 2003, even as the number of transactions, the dollar value of transactions, the number of accounts to monitor, and the number of accounting regulations have increased.

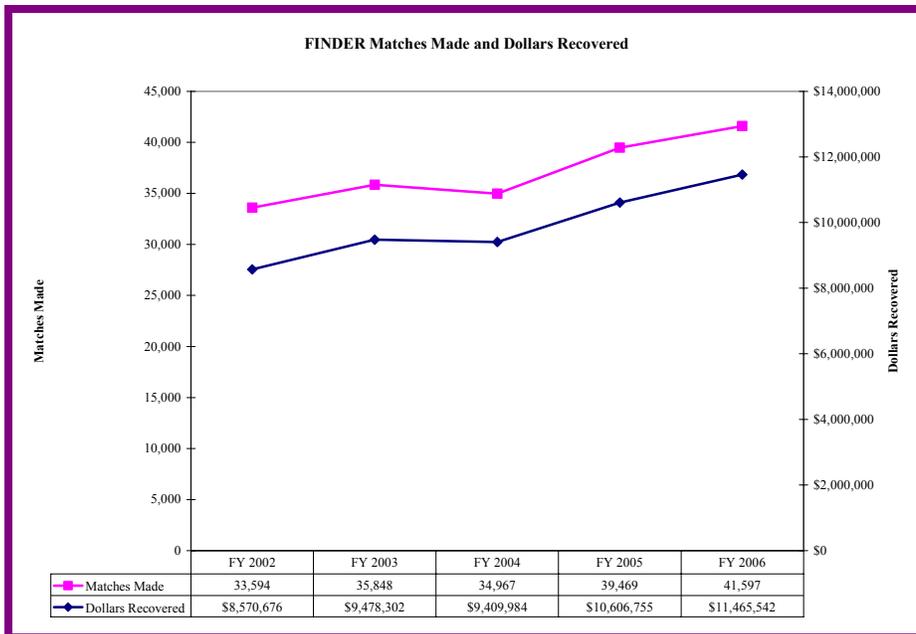
Total Value of Payroll Processed (\$ in Billions)

Perhaps the most important function of the Payroll program is to issue payments on time. In FY 2006 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, as shown on the following page:



FINDER Matches Made and Dollars Recovered

Division goals and objectives are met with timely disbursement of tax refunds to the public and payments to vendors. They are further met by collecting funds due to other agencies. 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. Federal funds of \$260,000 in FY 2006 were used to purchase airline tickets, bus tickets and furniture for Hurricane Katrina refugees.

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.

Budget Recommendation for FY 2008:

The Analyst recommends a total FY 2008 base appropriation of \$11,628,300, with \$6,748,700 from the General Fund.

Intent Language

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

It is the intent of the Legislature that funds provided for an actuarial study of post-employment benefits shall not lapse and shall be used for that purpose. All other funds for the Division of Finance shall not lapse and shall be used for maintenance, operation, and development of statewide accounting systems.

LEGISLATIVE ACTION

The Analyst recommends the Legislature adopt:

1. A total FY 2008 base appropriation of \$11,628,300 for the Division of Finance.
2. Intent language making the appropriation nonlapsing for purposes specified.

BUDGET DETAIL TABLE

Administrative Services - Finance Administration						
	FY 2006	FY 2007		FY 2007		FY 2008*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Base Budget
General Fund	6,293,000	6,748,700	0	6,748,700	0	6,748,700
General Fund, One-time	0	(17,000)	0	(17,000)	17,000	0
Transportation Fund	450,000	450,000	0	450,000	0	450,000
Federal Funds	265,900	0	0	0	0	0
Dedicated Credits Revenue	2,098,700	1,876,200	(69,700)	1,806,500	14,400	1,820,900
GFR - ISF Overhead	1,272,400	1,272,400	0	1,272,400	0	1,272,400
Beginning Nonlapsing	5,348,900	1,412,400	2,799,700	4,212,100	(2,432,000)	1,780,100
Closing Nonlapsing	(4,212,100)	0	(1,780,100)	(1,780,100)	1,336,300	(443,800)
Total	\$11,516,800	\$11,742,700	\$949,900	\$12,692,600	(\$1,064,300)	\$11,628,300
Programs						
Finance Director's Office	303,000	370,200	(1,400)	368,800	1,100	369,900
Payroll	1,210,000	2,084,600	448,600	2,533,200	(685,800)	1,847,400
Payables/Disbursing	2,286,500	2,316,700	(23,900)	2,292,800	4,900	2,297,700
Technical Services	1,334,600	1,906,700	124,100	2,030,800	(161,800)	1,869,000
Financial Reporting	1,234,300	1,477,900	12,800	1,490,700	(50,800)	1,439,900
Financial Information Systems	5,148,400	3,586,600	389,700	3,976,300	(171,900)	3,804,400
Total	\$11,516,800	\$11,742,700	\$949,900	\$12,692,600	(\$1,064,300)	\$11,628,300
Categories of Expenditure						
Personal Services	5,594,000	6,544,500	(2,045,500)	4,499,000	(59,000)	4,440,000
In-State Travel	1,700	2,400	200	2,600	0	2,600
Out of State Travel	24,000	33,000	(12,100)	20,900	0	20,900
Current Expense	1,135,200	1,205,100	(20,300)	1,184,800	(13,200)	1,171,600
DP Current Expense	1,727,000	2,870,000	1,805,600	4,675,600	(106,100)	4,569,500
DP Capital Outlay	2,774,500	1,087,700	1,222,000	2,309,700	(886,000)	1,423,700
Other Charges/Pass Thru	260,400	0	0	0	0	0
Total	\$11,516,800	\$11,742,700	\$949,900	\$12,692,600	(\$1,064,300)	\$11,628,300
Other Data						
Budgeted FTE	80.5	79.5	(20.0)	59.5	0.0	59.5
Actual FTE	73.3	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.