

COMMITTEE

MEETING:

CAPITAL

PROJECTS

CLEANUP

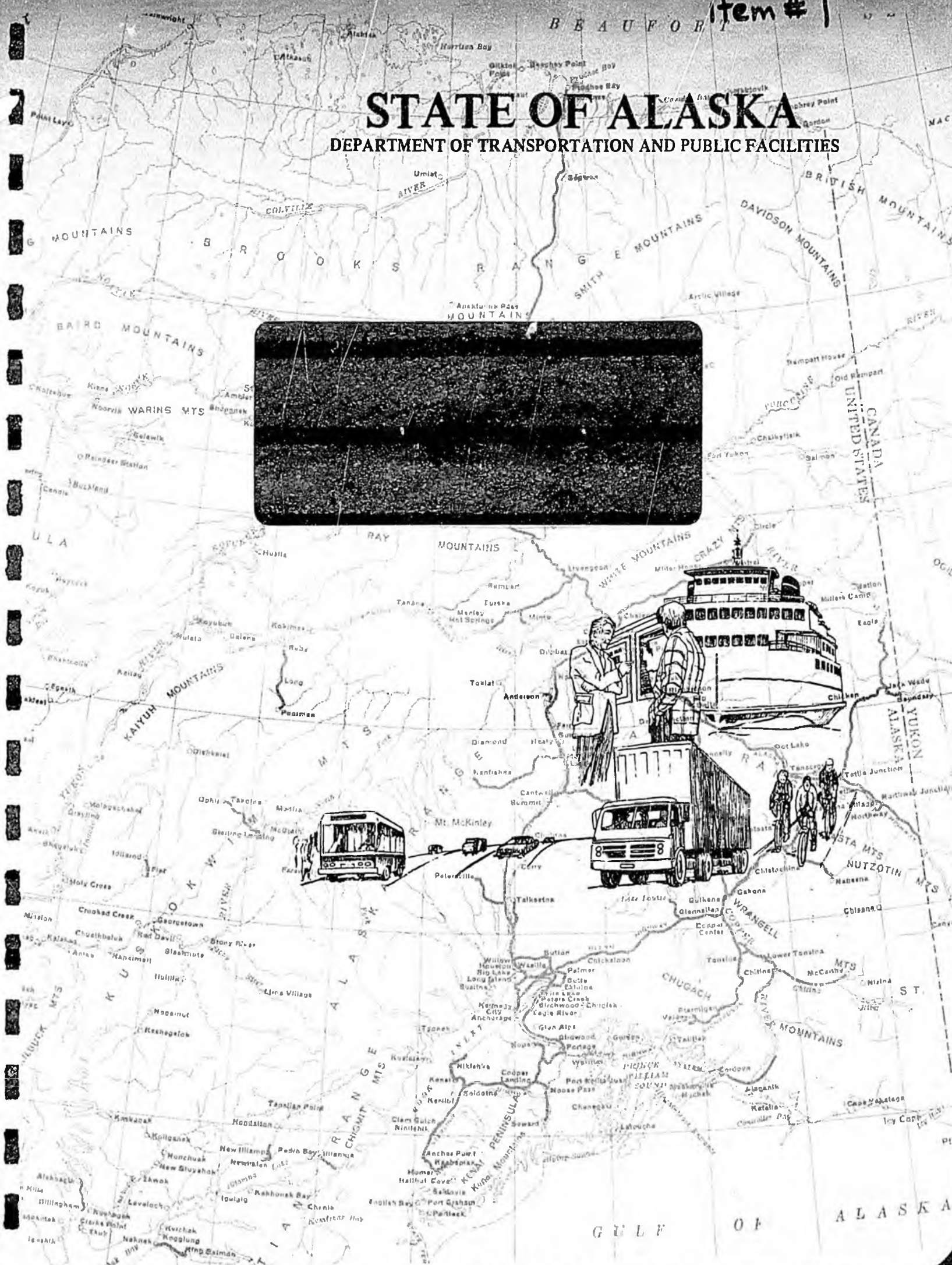
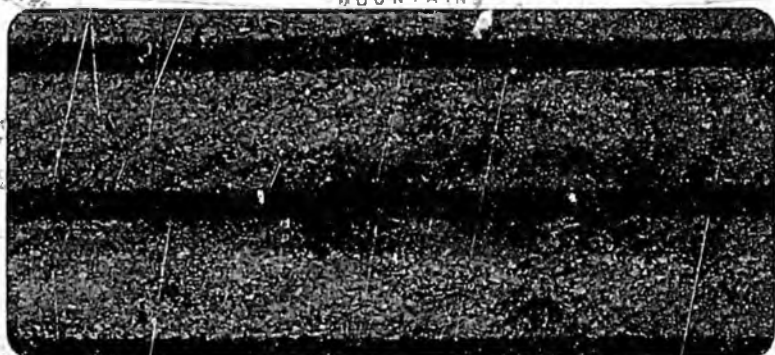
1-18-88

Item # 1

BEAUFORT

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES



GULF OF ALASKA

ALASKA DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

CAPITAL PROJECT CLEAN-UP

INTERIM STATUS REPORT

SENATE TRANSPORTATION COMMITTEE
HOUSE TRANSPORTATION COMMITTEE

NOVEMBER 9, 1987

JUNEAU, ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (DOT&PF)
CAPITAL PROJECT CLEAN-UP (CPC)
INTERIM STATUS REPORT

PRESENTATION OUTLINE

- BRIEF REVIEW OF HISTORY LEADING TO CURRENT CPC EFFORT
 - ° FACTORS WHICH LED TO THE PROBLEM
 - ° PREVIOUS DOT&PF EFFORTS TO CORRECT THE PROBLEMS
 - ° STEPS TAKEN THIS TIME TO MAKE CPC SUCCESSFUL

- CPC CONCEPT
 - ° NOT JUST A CLEAN-UP OF PROJECT HISTORY DATA
 - ° GOAL OF CPC EFFORT
 - ° OVERALL APPROACH
 - ° OWNERSHIP OF SOLUTION
 - ° CHANGE IN PHILOSOPHY

- REVIEW OF CPC WORK EFFORT AND UPDATE OF CURRENT STATUS
 - ° CAPITAL PROJECT REPORT
 - ° THIRD PARTY BILLING SYSTEM
 - ° DEVELOPMENT OF AKSAS TRAINING PROGRAM
 - ° ESTABLISHMENT OF ACCOUNTING PROCEDURES AND CONTROLS
 - ° ESTABLISHMENT OF NEW AKSAS STRUCTURES
 - ° EVALUATION AND CORRECTION OF PROJECT HISTORY DATA
 - ° REVIEW OF ORGANIZATIONAL STRUCTURE
 - ° EVALUATION AND IMPROVEMENT OF MANAGEMENT REPORTING

- WHAT CAN YOU EXPECT NEXT LEGISLATIVE SESSION
 - ° JANUARY 1 REPORT *Short - numbers will not be updated - file -*
 - ° POSSIBLE SUPPLEMENTAL APPROPRIATION BILL
 - ° SIGNIFICANTLY INCREASED ACCOUNTABILITY
 - ° ON-GOING CPC EFFORTS

- WHAT CAN THE LEGISLATURE DO TO HELP PREVENT THIS FROM HAPPENING AGAIN

- QUESTIONS AND COMMENTS

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Capital Project Clean-up

Workplan

(Revised October 20, 1987)

Task Number	Task Description	Responsibility	Status *
1.0	<u>PROJECT MANAGEMENT</u>		
1.1	Develop project workplan and Gantt chart - Review plan with staff in Headquarters, Southeastern, Central and Northern regions. - Review plan with legislative staff. - Review plan with legislative committees if they are interested.	RGP	C
1.2	Monitor performance against workplan.	RGP TGK RS RB	A
1.3	Provide monthly status reports to: - Governor - Commissioner - Regional Directors - Interested Legislators - Others as required	RGP RB	A
2.0	<u>CAPITAL PROJECT REPORT</u>		
2.1	Reconcile State Legislative Appropriation (SLA) to AKSAS appropriation data at total control level:		
2.1.1	SLA 1980 to present (Fund 11100) researched and 100% reconciled.	JM	A
2.1.2	Pre 1980 SLA (Fund 11100); establish policy to address unreconcilable balances.	JM	C
2.2	Bond issues current funding mix researched and reconciled.	JM	A
2.3	Identify miscellaneous RSA's and all other unidentified appropriations. Develop procedures and timelines to close appropriations.	JM RB	C
2.4	Develop list of capital projects using AKSAS data for review and completion of costs-to-complete by regions.	RGP JM RL	C
2.5	Input regional data into 4/15 report program and AKSAS where applicable. Analyze data and prepare 4/15 report format.	RGP JM	C
* A = In Progress C = Completed N = Not Started			

Task Number	Task Description	Responsibility	Status
2.6	Present corrected list of capital projects.	RGP	C
2.7	Update initial 4/15 Report to include phase appropriations not programmed to the intended projects.	JM	C
2.8	Establish capital project control file to accumulate adjustments identified during financial clean-up in workplan section five.	JM BA	A
2.9	Develop new Capital Project Report file which incorporates financial clean-up activity with current AKSAS balances. This file will provide a data base for producing CIP status reports until AKSAS has been updated for all clean-up activity.	JM RB	A
3.0	<u>ESTABLISH ACCOUNTING PROCEDURES AND CONTROLS</u>		
3.1	Review and respond to the Legislative Audit and DOT&PF Internal Review audit reports (Headquarters and regional administrative functions).	RS RB	C
3.2	Establish procedures to monitor "A" errors.	TH RB	C
3.3	Review the use of PCIS system and assure that appropriate controls are in place between this system and AKSAS.	RB DH	C
3.4	Coordinate with regional project managers to develop management reports from PCIS for use as project status/management tool.	RS RB TGK	A
3.5	Establish control to assure that programming of funds to project appropriation structure does not exceed SLA appropriation (by source).	TH RB JM	C
3.6	Develop control sheet for cross entity controls to be included in the project appropriation structure.	TH RB	C
3.7	Develop new structure implementation check-list for all CIP projects. (Headquarters structure review).	TH RB	C
3.8	Evaluate current Financial Management Operations Manual (FMOM) for completeness. Identify items requiring update and prepare policies and procedures to support all new activities.	RS RB PR	A
3.8.1	Develop and implement policy and procedures for closing out old CIP projects.	RS TH RB	C

Task Number	Task Description	Responsibility	Status
3.9	Monitor implementation of new accounting systems in Section 4 and 6. Initiate management reports to document controlled and reconciled implementation.	RB TH	A
4.0	<u>ESTABLISH AND IMPLEMENT NEW AKSAS STRUCTURES</u>		
4.1	Enhance and develop project status structures (active, completed, closed).	RS RB	C
4.1.1	Repoint all projects to correct status.	RS JM	A
4.2	Review current appropriation and project AKSAS structures for efficient financial roll-up and reporting.	RB	C
4.3	Establish new standard "DOT&PF project appropriation" structures (80,000 series) for all active and completed projects (prepared in region).	RS RB	A
4.4	Enhance project structure to include breakout of expenditures by classification (i.e., participating, non-participating and deferred).	TH RB	C
4.5	Enhance SLA appropriation structure to include allocation of funding between source (G.F., FHWA, etc.)	TH RB	C
4.6	Input 4/15 report data (election district) into contract structure.	JM RB	A
4.7	Establish Funding Source level total control (TC), AR's for all current SLA TC appropriations.	TH JM	C
4.7.1	Fund old total control AR equal to expenditures and change status to inactive, (i.e., lockdown).	TH JM	A
4.7.2	Program new AR's for net appropriation balance carried forward. Identify funding and provide new appropriation mix factor.	JM	A
4.7.3	Discuss procedures with representatives from D.O.A. and O.M.B..	TH JM RB	C
4.8	Program costs to complete of active projects into DOT&PF project appropriation structures (80,000 series).	TH JM RB	A
4.9	Develop procedures for back charging expenditures against the SLA appropriation structure.	TH RB	A
4.10	Produce procedures manual to document new RSA/PDA accounting process. Coordinate with Regions for training and development.	RB DK	C

Task Number	Task Description	Responsibility	Status
5.0	<u>EVALUATION OF PROJECT DATA HISTORY</u>		
5.1	Evaluate and reconcile 6/30/85 to 7/1/85 conversion of project and appropriation balances (PBA - AKSAS).	JM TH DH	C
5.1.1	Develop automated process to evaluate history conversion - (appropriation and project).	JM RB DH	A
5.1.2	Develop processes and procedures to correct conversion problems identified in 5.1.1.	JM RB BA	A
5.2	Develop processes to evaluate and reconcile all project expenditures from a transaction register 7/1/85 to lock-down date (project managers). Identify actual project expenditures.	JM RB BA	A
5.2.1	Project managers confirm validity of expenditures and sign off.	JM RB	N
5.3	Evaluate and reconcile all federal-aid project expenditures within the billing system.	TH RB JM	A
5.3.1	Reconcile AKSAS to FMS billing system.	TH RB JM	A
5.4	Evaluate and reconcile revenue received by project with the expected revenue.	TH JM	A
5.4.1	Correct revenue recording errors.	TH JM	A
5.5	Evaluate and determine correct funding mix to be applied to lockdown AR using new appropriation mix factors determined in 4.7.2.	JM RB	A
5.5.1	Incorporate 6/30/85 funding mix into data recorded from 7/1/85 through lockdown.	JM RB	A
5.5.2	Calculate mix in lockdown.	JM RB	A
5.6	Evaluate and correct current SLA appropriation series funding problems identified in 5.5.	JM RB	A
6.0	<u>DEVELOP THIRD-PARTY BILLING SYSTEM</u>		
6.1	Develop Request for Proposal (RFP) and Letter of Interest.	RGP TGK	C

Task Number	Task Description	Responsibility	Status
6.2	Review RFP and Letter of Interest with regions, FHWA, Headquarters, DOA and AG's Office.	RGP TGK	C
6.3	Mailout Letter of Interest and distribute RFP's as requested by interested vendors.	TGK	C
6.4	Hold Pre-Bid Conference with vendors.	TGK	C
6.5	Respond to vendors questions prior to proposal due date.	TGK	C
6.6	Evaluate proposals and select three (3) finalists for oral presentation.	TGK Eval. Committee	C
6.7	Select vendor and conclude contract negotiations.	TGK Eval. Committee	C
6.8	Monitor vendor performance, provide appropriate guidance to vendor (e.g., steering committee, review meetings, etc.) and provide State data processing support as required.	RGP TGK	C
6.8.1	Assist vendor in early implementation of Federal "front-end edits."	RS TH TGK	C
6.9	Participate in development of vendor's system conversion plan.	RS TH TGK	C
6.10	Participate in development and performance of user training.	RS RB TGK ES	A
6.11	Participate in development and presentation of user and system documentation.	RS TH RB TGK	C
6.12	Coordinate State resources necessary for system conversion.	RGP TH TGK	A
7.0	<u>EVALUATE AND IMPROVE MANAGEMENT REPORTING</u>		
7.1	Review current management reports received from AKSAS, PCIS, PDS, SRA and Federal Billing.	TGK RB	C
7.2	Determine what management reporting capabilities currently exist with these systems but which are presently unused.	TGK RB	A

Task Number	Task Description	Responsibility	Status
7.3	Assess DOT&PF requirements for additional management reporting and determine how existing capabilities can address these needs.	TGK RS RB	A
7.4	Establish priority list to address management reporting needs and develop workplan for their implementation.	TGK RB	A
7.4.1	Review requested enhancements for the Project Cost Information System (PCIS). Address uniformity within regions and compatibility with AKSAS.	RB DH	A
8.0	<u>REVIEW ORGANIZATIONAL STRUCTURE AND STREAMLINE AS APPROPRIATE</u>		
8.1	Document problems currently experienced by DOT&PF staff as they relate to - project cost accounting - general accounting issues - administrative function	RGP RS RB	
8.1.1	Develop survey to identify problem areas.	RGP RS RB	N
8.1.2	Conduct more detailed interviews with DOT&PF staff, as required, to gain further knowledge of problems identified in 6.1.1.	RGP RS RB	N
8.2	Develop workplan to address management problems identified in 8.1.	RGP RS RB	N
9.0	<u>DEVELOP STATEWIDE AKSAS TRAINING PROGRAM</u>		
9.1	Outline objectives for a three session training program. Identify level of AKSAS transactions to be included in each.	RGP RB ES	C
9.2	Produce training manuals to support each level of training.		
9.2.1	Level One Manual.		C
9.2.2	Level Two Manual. (IIA and IIB).		A
9.2.3	Level Three Manual.		N
9.3	Designate a Training Coordinator in each region to assist in implementation of the program.		C
9.4	Identify personnel within each region to serve as local program instructors.		C

Task Number	Task Description	Responsibility	Status
9.5	Compile listing of staff requiring AKSAS training and establish class schedules.	RGP RB ES	A
10.0	<u>FORMAL COMPLETION PRESENTATION</u>		
10.1	Develop Information and Education Plan.	RGP	N
10.1.1	Identify key external mailing lists of individuals who can build support for results of CPC effort.	RS JM RB	N
10.1.2	Develop "interim" reports to keep individuals abreast of progress.		A
10.1.3	Develop internal confidence, acceptance and training.		A
10.2	Prepare formal completion presentation.		N
10.2.1	Prepare completion document for distribution.		
10.3	Formal Completion Presentation.		
10.3.1	Prepare news release.		
10.3.2	Distribute final completion document.		

MEMORANDUM


State of Alaska Department of Transportation & Public Facilities

TO: Mark S. Hickey
Commissioner

DATE: October 30, 1987

FILE NO:

TELEPHONE NO: 465-3900


FROM: Robert G. Poe, Jr.
Deputy Commissioner
Budget and Finance

SUBJECT: October Capital Project
Clean-up Status Report

The Capital Project Clean-up (CPC) effort continues to require the commitment of a large number of Departmental employees. The majority of these personnel resources are focused on two distinct objectives. One is identify and isolate the significant financial inaccuracies recorded in the Alaska State Accounting System (AKSAS) data base while developing an interim data base to compile, organize, adjust and report the financial status of capital projects. Secondly, the implementation of new accounting subsystems and controls, within AKSAS, to enable the long term maintenance, control and reporting of corrected financial data. Both of these major tasks made significant progress in the past month. The time line for implementation of the new subsystem will be extended beyond the initial estimate (January 1, 1988). The time extension is necessary because several workplan steps required to correct the AKSAS data base are being incorporated into the implementation phase rather than handled as a separate task. The CPC effort extends beyond the efforts of the Department of Transportation and Public Facilities (DOT&PF) and is receiving needed support from the Department of Administration and Office of Management and Budget. This support consists of technical and procedural reviews and accounting system enhancements. Overall the CPC program continues to make progress in all significant workplan sections. Status of the specific tasks is outlined below.

PROJECT MANAGEMENT

The CPC workplan was developed in February and is continually under review. The October 20th revision (attached) incorporates the most recent revisions and details the status of each task.

CAPITAL PROJECT REPORT

DOT&PF Divisions of Management and Finance (DMF) and Information Systems (ISD) have established a complete data base file to compile updated information on the status of capital appropriations and project expenditures. As the correct status and financial standing of capital projects is identified, any variances from the current AKSAS balances will be reconciled and adjustments made. Actions taken during the past month are as follows:

- ° The Capital Project Report data base contains approximately 3,600 projects (including RSAs). A preliminary control report has been prepared and forwarded to the regions for review. This report classifies 1,300 projects as active and 2,300 as completed or closed. The task of compiling project indicative data (i.e., completion date and cost to complete by fund source) began October 20 and is scheduled for completion November 20. The Project Cost Information System (PCIS) was modified to receive and maintain this project information for monthly management reporting.
- ° Work continues to update the report data base with financial information from the previous DOT&PF and state accounting system files. This data was evaluated and adjusted during prior CPC efforts and will provide corroborating information for any AKSAS adjustments identified.

DEVELOP ACCOUNTING PROCEDURES AND CONTROLS

Establishing specific accounting procedures and controls within DOT&PF (statewide) is critical to assure accurate and timely information for capital project activity. Successful implementation will require development of new AKSAS structures and supporting accounting controls. Actions taken to achieve these goals are as follows:

- ° All regions continued work on converting active capital appropriations and projects into the new accounting sub-system. To date twelve percent of the projects have been converted. In addition, the CPC effort has initiated closing procedures on ten percent of closed projects.
- ° The Policy and Procedure (P&P) section has proposed formation of a management team to address all issues related to setting guidelines for Federal participation in administrative costs. The management team's goal is to review past practices and develop parameters to be followed in development of a new statewide policy on this issue. A field review team will be assigned to gather data and develop recommendations.

EVALUATION OF AKSAS DATA HISTORY

Both DOT&PF Internal Review and Division Directors and Legislative Auditors have raised concerns over the accuracy of historical data transferred into AKSAS when the State converted from the old accounting system (PBA). In an effort to evaluate and substantiate or correct this data the following steps have been taken:

- ° As addressed in our September report the DMF and ISD have developed an automated screening process to highlight erroneous transactions recorded in the AKSAS data base. Since that report an additional review step has been added

to perform an "accounting" review of detailed transaction reports. This review is necessary to segregate erroneous transactions which could not be sorted in the computer screening. This review is scheduled for completion by November 25. At that time reports detailing adjusted, inception to date, project expenditures will be forwarded to project managers for review.

ENHANCEMENT OF THE FEDERAL BILLING SYSTEM

Due to the loss of Federal certification of the present Federal Billing System, we are currently developing a new Third Party Billing System (TPB). The following is a summary of the steps completed in the past month:

- ° The technical problems which delayed implementation for four weeks have been resolved. The DMF is reviewing Federal projects for a clean financial cut-off from the current billing system. Final adjustments should be completed and billings produced in the new TPB system for federal reimbursement by November 9th.

EVALUATE AND IMPROVE MANAGEMENT REPORTING

The ISD has indicated the need to compile data and examine in detail the Department's current reporting and systems maintenance workload. The Division's goal is to develop a long term plan to coordinate ISD resources to meet the Department's management reporting needs. Actions taken to achieve these goals are as follows:

- ° DOT&PF executive management met October 5 on the topic of management reporting requirements within the Department. This group identified a variety of subjects which, if reported on periodically, would aid management both in the operation of the Department, and in responding to outside inquiries about the department's activity. ISD is to analyze the list to determine what percentage of the subject information is currently available and what the costs of providing the balance are. This analysis is expected by December.
- ° ISD technicians have completed and implemented an automated reconciliation to assure that PCIS and AKSAS remain in balance. This program has identified that all but 71 (two percent) of the projects that are recorded in PCIS are currently in balance. These 71 projects are being reviewed and necessary adjustments will be made to correct the variances. The reconciliation will be run on a regular basis to assure that any variances are researched immediately.

DEVELOP STATEWIDE AKSAS TRAINING PROGRAM

In January, the Department conducted a training needs assessment survey. This survey indicated an overwhelming desire for AKSAS training. In response, a three level DOT&PF Statewide program is being developed. Significant accomplishments are as follows:

- ° The Level I (introductory) program continues with classes being held statewide. Level I classes have been available for four months and 230 employees have been through training. Level IIA (data input) classes were initiated at Headquarters during October and 14 employees attended. Classes are expected to begin in the regions during December.

Please call if you have any additional questions or if we can be of further assistance.

cc: The Honorable Steve Cowper, Governor
Garrey Peska, Chief of Staff
House Finance Committee Members
House Transportation Committee Members
Senate Finance Committee Members
Senate Transportation Committee Members
DOT&PF Regional Directors
Marsha Hubbard, Deputy Commissioner, Admin. Management, DOA
Jay Hogan, Director, Budget Review, OMB

MEMORANDUM


State of Alaska Department of Transportation & Public Facilities

TO: Mark S. Hickey
Commissioner

DATE: September 30, 1987

FILE NO:

TELEPHONE NO: 465-3900


FROM: Robert G. Poe, Jr.
Deputy Commissioner
Budget and Finance

SUBJECT: September Capital Project
Clean-up Status Report

During September the Capital Project Clean-up (CPC) program continued work on the implementation of two new accounting subsystems. These current tasks are the key steps necessary to provide the Department of Transportation and Public Facilities (DOT&PF) with corrected financial data and accounting systems which can control and report financial activity. Additionally, significant progress was made in researching the problems created when the Department recorded historical financial data from the old state accounting system into the new Alaska State Accounting System (AKSAS). Conversion to the new Third Party Billing System was delayed one month. This delay was necessary to allow the Division of Management and Finance (DMF) time to correct revenue recording problems and to identify variances from the current billing system. The AKSAS Training Program continued to grow, approximately 180 people have attended Level One, with Level Two classes scheduled for October. The accomplishments in all workplan areas, during the last month, are as follows:

PROJECT MANAGEMENT

The CPC workplan was developed in February and is continually under review. There have been no significant revisions to the workplan since the July 10th revision, which was attached to the July status report. Critical steps necessary to meet the January, 1988 Capital Project Report are being monitored against an updated time chart.

CAPITAL PROJECT REPORT

DOT&PF Divisions of Management and Finance (DMF) and Information Systems (ISD) have established a complete data base file to compile updated information on the status of capital appropriations and project expenditures. As the correct status and financial standing of capital projects is identified, any variances from the current AKSAS balances will be reconciled and adjustments made. Actions taken during the past month are as follows:

- ° The control report for capital appropriations currently identifies 2156 total control appropriations (including RSA's) for which the DOT&PF is responsible. This preliminary report has been forwarded to the regions for review and verification.

- Initial research has begun to identify the financial status of all prior year Capital Project Funds. These funds were established between 1976 and 1980 and contain unexpended Federal authorization and bond proceeds. The current balances recorded in AKSAS indicate significant financial clean-up is required.

DEVELOP ACCOUNTING PROCEDURES AND CONTROLS

Establishing specific accounting procedures and controls within DOT&PF (statewide) is critical to assure accurate and timely information for capital project activity. Successful implementation will require development of new AKSAS structures and supporting accounting controls. Actions taken to achieve these goals are as follows:

- All regions continued work on converting active capital appropriations into a new subsystem designed to provide accounting control. To date 95 appropriations have been converted. The Department of Administration (DOA) has provided DOT&PF with a unique budget transaction which will simplify the process. This task is scheduled for completion by January, 1988.
- The Policy and Procedure (P&P) section coordinated policy development activity related to Departmental financial and legal responsibility for state and federal projects granted to municipalities, procedures for professional services contracts and audit procedures for Internal Review. Work continued on P&P's for Federal participation in administrative costs and for timesheet processing. These items are expected to be ready for management review in October.

EVALUATION OF AKSAS DATA HISTORY

Both DOT&PF Internal Review, Division Directors and Legislative Auditors have raised concerns over the accuracy of historical data transferred into AKSAS when the State converted from the old accounting system (PBA). In an effort to evaluate and substantiate or correct this data the following steps have been taken:

- The DMF and ISD have developed an automated screening process to highlight erroneous transactions recorded in the AKSAS data base. Reports detailing adjusted inception to date project expenditures will be produced in October. These reports are to be reviewed by project managers to determine the reasonableness of project costs.
- The DMF has initiated a process to update a capital project budget file. This file is necessary to provide a detailed breakout of the various project funding sources. The previous AKSAS structures did not provide adequate data for control of individual fund source balances. Once this file is reestablished the actual project expenditures can be allocated to the appropriate fund source.

ENHANCEMENT OF THE FEDERAL BILLING SYSTEM

Due to the loss of Federal certification of the present Federal Billing System, we are currently developing a new Third Party Billing System (TPB). The following is a summary of the steps completed in the past month:

- ° The TPB transaction edit system, for both Federal highway and aviation projects, achieved final acceptance sign off. The system has been in operation for seven weeks on a limited basis. The indicative data for all highway projects should be completely input by mid October and edits initiated at that time.
- ° The new billing module of the TPB system has been successfully tested. The implementation of active projects has been delayed four weeks. Technical problems related to project revenue recorded by the Time and Equipment subsystem are being discussed with the DOA. In addition the DMF is reviewing individual project balances recorded in AKSAS and comparing this to the amounts billed to date in the current billing system. Variances identified will be reconciled and appropriate adjustments recorded.

EVALUATE AND IMPROVE MANAGEMENT REPORTING

The ISD has indicated the need to compile data and examine in detail the Department's current reporting and systems maintenance workload. The Division's goal is to develop a long term plan to coordinate ISD resources to meet the Department's management and financial reporting needs. Actions taken to achieve these goals are as follows:

- ° ISD technicians have finished modifications to stabilize the Project Cost Information System (PCIS). Current work entails development and implementation of an automated reconciliation to assure that PCIS and AKSAS remain in balance.
- ° An executive level team to study DOT&PF's management reporting requirements has been formed and their first working meeting is scheduled for October 5th.

DEVELOP STATEWIDE AKSAS TRAINING PROGRAM

In January, the Department conducted a training needs assessment survey. This survey indicated an overwhelming desire for AKSAS training. In response, a three level DOT&PF Statewide program is being developed. Significant accomplishments are as follows:

- ° The Level One (introductory) program has been available for three months. Approximately 180 employees have been through training. Classes are scheduled to continue through December.

- ° Level IIA (data entry) training manual and materials are completed and presentations are scheduled for the first and third weeks in October.
- ° Level IIB (customized management report writing) draft manual is completed and going through preliminary review. The manual will be distributed for the regions to review and provide comments during October.

Please call if you have any additional questions or if we can be of further assistance.

cc: The Honorable Steve Cowper, Governor
Garrey Peska, Chief of Staff
House Finance Committee Members
House Transportation Committee Members
Senate Finance Committee Members
Senate Transportation Committee Members
DOT&PF Regional Directors
Marsha Hubbard, Deputy Commissioner, Admin. Management, DOA
Jay Hogan, Director, Budget Review, OMB

MEMORANDUM


State of Alaska Department of Transportation & Public Facilities

TO: Mark S. Hickey
Commissioner

DATE: August 31, 1987

FILE NO:

TELEPHONE NO: 465-3900


FROM: Robert G. Poe, Jr.
Deputy Commissioner
Finance and Budget

SUBJECT: August Capital Project
Clean-up Status Report

The Capital Project Clean-up (CPC) program continues in full swing. Seven of the nine CPC workplan sections are in the implementation phase while the other two, management reporting and organizational review, are in the research and development stages. Significant August activity included the partial implementation of two newly designed accounting subsystem, Capital Project Funding and Federal Billing, which will be integrated into the Alaska State Accounting System (AKSAS). They are two of the key components of the Third Party Billing System which will allow the Department to meet it's financial accounting and reporting objectives. Implementation of the new Capital Project Funding subsystem includes not only setting up new appropriations and projects in the subsystem, but also the conversion of all current active appropriations and projects into it. The specific progress of each workplan section is detailed below.

PROJECT MANAGEMENT

The CPC workplan was developed in February and is continually under review. There have been no significant changes to the workplan since the July 10th revision, which was attached to the July status report.

CAPITAL PROJECT REPORT

DOT&PF Divisions of Management and Finance (DMF) and Information Systems (ISD) have established a complete data base file to compile updated information on the status of capital appropriations and project expenditures. As the correct status and financial standing of capital projects is identified, any variances from the current AKSAS balances will be reconciled and adjustments made. Actions taken during the past month are as follows:

- One hundred and forty capital appropriations have been identified as inactive. Steps are being taken to identify the financial status and prepare appropriations for close-out.
- There are numerous interdepartmental Reimbursable Service Agreements (RSA's) in AKSAS which are inactive. The State agencies associated with the RSA's are being contacted to confirm their status. Where applicable, financial transactions to officially close agreements will be processed.

DEVELOP ACCOUNTING PROCEDURES AND CONTROLS

Establishing specific accounting procedures and controls within DOT&PF (statewide) is critical to assure accurate and timely information for capital project activity. Successful implementation will require development of new AKSAS structures and supporting accounting controls. Actions taken to achieve these goals are as follows:

- As stated above, implementation has begun for a new process designed to control accounting for capital appropriations (Capital Project Funding). To date, twenty appropriations have been converted into the new subsystem. This task is scheduled for completion by January 1988. To ensure the success of this task, which we feel is crucial to the success of CPC, eight Departmental personnel have been temporarily reassigned to the divisions responsible for the conversion.
- The DMF has recently developed new procedures for closing out completed capital projects. During August, the regional Project Control groups forwarded forty-eight State-funded projects to the DMF and forty-three were formally closed under the new procedures.
- The Policy and Procedure (P&P) Section continued to work on several tasks. These included P&P's relating to Federal participation in administrative costs and procedures for time sheet processing. In addition, the section is working closely with DOT&PF Internal Review and Engineering and Operations Standards divisions on other statewide issues which affect financial operations.

EVALUATION OF AKSAS DATA HISTORY

Both DOT&PF Internal Review, Division Directors and Legislative Auditors have raised concerns over the accuracy of historical data transferred into AKSAS when the State converted from the old accounting system (PBA). In an effort to evaluate and substantiate or correct this data the following steps have been taken:

- The DMF and ISD are developing an automated screening process to highlight erroneous transactions recorded in the AKSAS data base. The initial design is complete and currently being tested.
- In addition to the data base files established for the Capital Project Report section, two additional files are being established to aid in evaluating AKSAS history data. These files consist of the June 1985 data from the PBA and FMS accounting systems which were the previous DOT&PF accounting systems. Prior CPC efforts reconciled the two data bases as of June 30, 1985, and provided information which will corroborate adjustments identified in history clean-up.

ENHANCEMENT OF THE FEDERAL BILLING SYSTEM

Due to the loss of federal certification of the present Federal Billing System, we are currently developing a new Third Party Billing System (TPB). The following is a summary of the steps completed in the past month:

- ° Phase one of the new TPB, AKSAS transaction edits for the Federal Highway Administration (FHWA) program, was implemented successfully. AKSAS expenditure transaction edits (for federal billing) are operating for fifty-three capital projects. The majority of FHWA projects will be under edits by the end of September.
- ° Phase two of the new TPB, production of the FHWA bill, is in the final stages of testing. Implementation of this system is scheduled for early September. This will be a significant step towards the DOT&PF goal of reestablishing a certified billing system. Total conversion to this system is expected to take six months. Capital projects will only be converted to the new system after they have been evaluated by the CPC effort.
- ° An extensive users manual for TPB is in draft form and has been distributed for review. A training program for selected individuals involved in the federal billing process is being developed.

EVALUATE AND IMPROVE MANAGEMENT REPORTING

The ISD has indicated the need to compile data and examine in detail the Department's current reporting and systems maintenance workload. The Division's goal is to develop a long term plan to coordinate ISD resources to meet the Department's management and financial reporting needs. Actions taken to achieve these goals are as follows:

- ° ISD personnel have found flawed logic in the Project Cost Information System (PCIS) the system used by project managers to manage capital projects, which has caused erroneous financial reporting in PCIS for some time. Additional resources will be assigned to PCIS in September to make corrections and to begin work on PCIS enhancements identified during earlier research into the Department's management reporting.
- ° The new Deputy Commissioner of Operations was hired during August. This marks the arrival of the last key player for the effective planning of Management Information Systems (MIS) activity at DOT&PF. He is presently being briefed on current MIS capabilities, and formal MIS planning sessions are expected to commence during September.

DEVELOP STATEWIDE AKSAS TRAINING PROGRAM

In January, the Department conducted a training needs assessment survey. This survey indicated an overwhelming desire for AKSAS training. In response, a three level DOT&PF Statewide program is being developed. Significant accomplishments are as follows:

- The Level One (introductory) program has been available for two months. Approximately one hundred and twenty employees have been trained and feedback has been overwhelmingly supportive of the program. The majority of trainees have been from the accounting, planning and clerk typist sections. Additional emphasis is now focused on increasing attendance from construction and engineering groups.
- The Level Two (section A) program for data input functions has been completed. The pilot training session was held during August and the manual was updated with final enhancements. Initial training sessions will be held in the Headquarters region during September.

Please call if you have any additional questions or if we can be of further assistance.

cc: The Honorable Steve Cowper, Governor
Garrey Peska, Chief of Staff
House Finance Committee Members
House Transportation Committee Members
Senate Finance Committee Members
Senate Transportation Committee Members
DOT&PF Regional Directors
Marsha Hubbard, Deputy Commissioner, Admin. Management, DOA
Jay Hogan, Director, Budget Review, OMB

MEMORANDUM


State of Alaska
Department of Transportation & Public Facilities

TO: Mark S. Hickey
Commissioner

DATE: July 30, 1987

FILE NO:

TELEPHONE NO: 465-3900

FROM: 
Robert G. Poe, Jr.
Deputy Commissioner
Finance and Budget

SUBJECT: July Capital Project
Clean-up (CPC) Workplan
Status Report

The Department's Capital Project Clean-up (CPC) program has completed six months of work under the new workplan initiated in February. The positive effects of this expanded effort are being reflected in many aspects of the financial operations. Immediate benefits have resulted from the initiation of new accounting procedures and improved communication and flow of financial information between the Statewide and Regional offices. The Department-wide AKSAS Training Program classes for Level One have been very successful. Workplan sections covering enhancements to the State Accounting System (Federal billing and capital project funding) continued in the refinement and integration stage. This time was necessary for review of the new systems, enhancements to the implementation plans and expanding of the knowledge base throughout the Regional offices. Overall the CPC effort continues with all significant workplan sections making progress. Status of the specific tasks are detailed below.

PROJECT MANAGEMENT

The CPC workplan was developed in February and is continually under review. The July 10th revision (attached) incorporates the most recent updates and details the status of each task.

CAPITAL PROJECT REPORT

DOT&PF Division of Management and Finance (DMF) has established several data base files to compile updated information on the status of capital appropriations and project expenditures. These files will initially contain data through June 30, 1987. As the current status and financial standing of appropriations and capital projects are identified the appropriate data bases will be adjusted. This activity will be compared with the prevailing AKSAS data and variances reconciled.

DEVELOP ACCOUNTING PROCEDURES AND CONTROLS

Establishing specific accounting procedures and controls within DOT&PF (statewide) is critical to assure accurate and timely information for capital project activity. Successful implementation will require development of new AKSAS structures and supporting accounting controls. Actions taken to achieve these goals are as follows:

- ° As addressed in previous status reports the department has developed a new process to control accounting for appropriations and project costs. Procedures for converting the current activity have been developed and discussed with regional office personnel. Each region has selected the first group of appropriations for conversion by August 15th.
- ° Due to the previous accounting and billing problems it has been approximately one year since any capital projects have been final vouchered and closed-out. The DMF has recently reestablished procedures for closing out completed capital projects. A proposed Policy and Procedure (P & P) has been implemented and appropriate personnel assigned to initiate it. Selective projects are currently going through the new process.
- ° The DMF's new Policy and Procedure Section has several tasks in progress. The critical projects include an amended P & P for federal participation in administrative costs and a new P & P to achieve timely submission of time sheets for all project chargeable activity. In addition, the project close-out procedures are being refined to accommodate a variety of capital projects, including planning and research projects.

ENHANCEMENT OF THE FEDERAL BILLING PROCESS

Due to loss of federal certification of the present Federal Billing System, we are currently developing a new Third Party Billing System. The following is a summary of the steps which have been completed in the past month.

- ° Weyerhaeuser Information Systems (WIS) has completed the initial program coding for the Federal Highway Administration (FHWA) front-end edit transactions and automated billings. WIS is working with the Department of Administration to utilize the AKSAS Test System to check and modify the program execution. Limited live production is scheduled for mid-August.
- ° The DMF is compiling the project specific indicative data necessary to implement the FHWA transaction edits. Implementation begins in mid-August and will take approximately eight weeks to complete. This step is significant as it will have an immediate positive effect on the current billing system. This will minimize the staff time necessary to assure the integrity of current charges appearing in the monthly federal-aid bill.

EVALUATE AND IMPROVE MANAGEMENT REPORTING

The Information Systems Division (ISD) has indicated the need to compile data and examine in detail the Department's current reporting and systems maintenance workload. The Division's goal is to develop a long term plan to coordinate ISD resources to meet the Department's management and financial reporting needs. Actions taken to achieve these goals are as follows:

- ° The Division has completed it's analysis of the key financial and management information systems currently in use. This analysis addresses the capacity, stability and compatability of the various systems. This overview resulted in ISD initiating some preventive maintenance programming to enhance the integrity and integration of certain systems.
- ° Preliminary discussions are being held to identify the management group that will create an information systems plan to comprehensively address the Department's management reporting needs. This effort will incorporate the current capabilities wherever feasible.

DEVELOP STATEWIDE AKSAS TRAINING PROGRAM

In January, the Department conducted a training needs assessment survey. This survey indicated an overwhelming desire for AKSAS training. In response a three level DOT&PF Statewide AKSAS Training Program is being developed. Significant accomplishments-to-date are as follows:

- ° The Level One (introductory) training program is fully developed and regional training schedules are being set-up. Two regions have completed one month of hands on training. Follow up reinforcement training is being made available for course participants.
- ° The Level Two training program is currently being developed. The program will contain two major sections. Section A will detail data entry procedures and Section B will cover customizing management reports. The draft training manual for Section A has been completed and the pilot training course scheduled for August 5th.

Please call if you have any additional questions or if we can be of further assistance.

Attachment

July 30, 1987

cc: The Honorable Steve Cowper, Governor
Garrey Peska, Chief of Staff
House Finance Committee Members
House Transportation Committee Members
Senate Finance Committee Members
Senate Transportation Committee Members
DOT&PF Regional Directors
Marsha Hubbard, Deputy Commissioner, Admin. Management, DOA
Jay Hogan, Director, Budget Review, OMB

MEMORANDUM

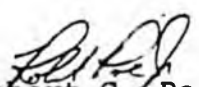
State of Alaska Department of Transportation & Public Facilities

TO: Mark S. Hickey
Commissioner

DATE: June 24, 1987

FILE NO:

TELEPHONE NO: 465-3900

FROM: 
Robert G. Poe, Jr.
Deputy Commissioner
Finance and Budget

SUBJECT: Capital Project Clean-up
Status Report

The Department's Capital Project Cleanup (CPC) effort continues to make progress in all key workplan areas. As detailed in our May 10th revised CPC workplan, there are nine distinct steps with tasks in progress. The past months activity centered around the refinement, coordination and integration of the new accounting procedures and computer enhancements being developed by DOT&PF. The principal components include a new Third Party Billing System, RSA/PDA accounting process and financial history clean-up. The planning and design stage of these components have reached the final phase. In addition, the Department's Level One (introductory) AKSAS Training Program is fully developed and personnel training is set to start in two regions. The accomplishments in all workplan areas, during the last month, are as follows:

PROJECT MANAGEMENT

The CPC workplan was developed in February and is continually under review. There have been no significant changes to the workplan since the May 10th revision attached to the May Status Report. To facilitate the scheduling of workloads and timing of implementation for sections 4, 5 and 6 (new accounting procedures, history clean-up and billing system) additional detailed pert charts are being developed.

CAPITAL PROJECT REPORT

The initial Capital Project Report (also known as the 4/15 Report), which outlined the financial status of the CPC projects, was updated in early June for additional unprogrammed activity. Information from the June updated report was used to recalculate DOT&PF's share of the general fund continuing programs - capital reserve amount. It was estimated that the reserve could be decreased by \$86 million.

This workplan section will be expanded at a later date to outline the tasks necessary to produce a revised Capital Project Report once the significant clean-up efforts are completed.

DEVELOP ACCOUNTING PROCEDURES AND CONTROLS

Establishing specific accounting procedures and controls within DOT&PF (statewide) is critical to assure accurate and timely information for capital project activity. Successful implementation will require development of new AKSAS structures and supporting accounting controls. Actions taken to achieve these goals are as follows:

- ° In recent months a new accounting process was developed to control DOT&PF accounting for appropriations and project costs. A limited number of appropriations and projects are being accounted for under the new process on a test basis. Minor refinements to this process are being documented and expanded use of the process is anticipated by late July.

EVALUATION OF AKSAS HISTORY DATA

Both Internal Review, DOT&PF Division Directors and Legislative Auditors have raised concerns over the accuracy of historical accounting data transferred into AKSAS when the State converted from the old accounting system (PBA). In an effort to evaluate and substantiate or correct this data the following steps have been taken:

- ° DOT&PF Division of Management and Finance (DMF) and Information System Design (ISD) are researching the transactions which took place during data conversion and the subsequent efforts to record history detail. This research is necessary to identify and correct erroneous or incomplete computer executions. To facilitate this process audit trail computer files, for FY'85, '86, and '87 activity, were provided to ISD. The direct access to this data has greatly enhanced the effort.

ENHANCEMENT OF THE FEDERAL BILLING PROCESS

Due to loss of federal certification of the present Federal Billing System, we are currently developing a new Third Party Billing System. The following is a summary of the steps which have been completed to date.

- ° Weyerhaeuser Information Systems has completed the overall project general design document. Both the Federal Highway Administration front-end edit section and the comprehensive section (FAA, RSA's, revenue and bill production) are in the detailed design stage. Program coding has begun in both sections.
- ° DMF and Weyerhaeuser Information Systems have begun detailing the critical path necessary for implementation. A preliminary workplan is being outlined and will be completed by mid July. Test project implementation is scheduled to begin in early August.

EVALUATE AND IMPROVE MANAGEMENT REPORTING

The ISD has indicated the need to compile data and examine in detail the Department's current reporting and systems maintenance workload. The Division's goal is to develop a long term plan to coordinate ISD resources to meet the Department's management and financial reporting needs. Actions taken to achieve these goals are as follows:

- ° Meetings between ISD and regional staff have been held to identify potential enhancements to the Project Control Information System (PCIS), Project Scheduling (P2) and Resource Allocation System (RAS). These systems are integral management tools for project managers. Enhancements including cleaner interface with AKSAS to insure database integrity are in the design phase.
- ° A workplan is currently being developed to identify the timeframe and resource commitment necessary by ISD to implement the various computer enhancements and new or expanded management reports identified in regional meetings.

DEVELOP STATEWIDE AKSAS TRAINING PROGRAM

In January the Department conducted a training needs assessment survey. This survey indicated an overwhelming desire for AKSAS training. In response a three level DOT&PF Statewide AKSAS Training Program is being developed. Significant accomplishments-to-date are as follows:

- ° The Level-One training program is fully developed and regional training schedules are being set up. Two regions will begin classes in late June.
- ° All regions have now identified personnel to serve as local instructors. An instructors training course will be held in Juneau on July 13th.
- ° The first draft of the Level-Two (section A) Training manual is complete and has been forwarded to the regions for review. The pilot training course is anticipated by late July.

cc: The Honorable Steve Cowper, Governor
Pete Jeans, Chief of Staff
House Finance Committee Members
House Transportation Committee Members
Senate Finance Committee Members
Senate Transportation Committee Members
DOT&PF Regional Directors
Marsha Hubbard, Deputy Commissioner, Admin. Management, DOA
Jay Hogan, Director, Budget Review, OMB


MEMORANDUM

State of Alaska Department of Transportation & Public Facilities

TO: Mark S. Hickey
Commissioner

DATE: May 18, 1987

FILE NO:

FROM: 
Robert G. Poe, Jr.
Deputy Commissioner
Finance and Budget

TELEPHONE NO: 465-3900

SUBJECT: Capital Project Clean-up
Status Report

The Capital Project Cleanup (CPC) program is in full swing. An updated CPC Work Plan which is attached, indicates that all nine key sections have tasks in progress. Significant accomplishments during the past month include issuance of the Capital Projects Report (4/15 Report), introduction of the Level One AKSAS Training Manual to regional personnel and implementation of the new AKSAS appropriation accounting process. The status of the work plan tasks addressed during the last month are as follows:

PROJECT MANAGEMENT

The CPC work plan was developed in February and is continually under review. The May 10th revision incorporates the most recent modifications. A status column was added to the Work Plan which indicates the progress of each task.

CAPITAL PROJECT REPORT

This report is being developed to identify and communicate to the Commissioner and Governor the financial status of all CIP projects and the cost to complete or cost to cancel each project. The following steps have been performed:

- ° The Capital Project Report was presented to the Governor and House of Representatives Finance Subcommittee on April 15th. Reports were also provided to the offices of all Legislators.
- ° Efforts are continuing, to identify the significant inaccuracies in the AKSAS appropriation and project balances. Data base files, which detail updated appropriation balances, are being compiled for comparison to both the current AKSAS balances and the Capital Project Report information.
- ° The Department is preparing an update to the initial Capital Project Report. This update will detail additional project phase appropriations not yet programmed to the intended project and breakout cost to complete by fund source.

DEVELOP ACCOUNTING PROCEDURES AND CONTROLS

Establishing specific accounting procedures and controls within DOT&PF (statewide) is critical to assure accurate and timely information for capital project activity. Successful implementation will require development of new AKSAS structures and supporting accounting controls. Actions taken to achieve these goals are as follows:

- ° Draft procedures were prepared to support the new appropriation accounting process. These procedures were presented to the regional Project Control Chiefs for review and approval, on May 1st. As of June 8th it is anticipated that all new projects will be accounted for under the new process.
- ° The Division of Management and Finance (DMF) is currently outlining the course of action necessary to convert all previous appropriations into the new controlled accounting structure. Conversion is scheduled to begin by June 15th.
- ° Based on audit findings of both Internal Review and Legislative Audit staffs and at the direction of the Office of Management and Budget (OMB) it has been determined that certain regional appropriation transactions must be dual approved by the DMF. This control procedure will be active by June 1st.
- ° The DMF is considering a new finance section responsible for development and implementation of policies, procedures and internal control. This will not require the hiring of new staff, but a more efficient use of existing staff. Effective May 1st the DMF assigned one part time position to begin updating the Financial Management Operations Manual (FMOM). We anticipate that this will be a full time position for FY'88. This section's first assignment, to draft project closing procedures, is expected to be implemented by May 20th.

EVALUATION OF AKSAS HISTORY DATA

Both Internal Review, DOT&PF Division Directors and Legislative Auditors have raised concerns over the accuracy of historical accounting data transferred into AKSAS when the State converted from the old accounting system, PBA.

- ° DOT&PF DMF and Information System Design (ISD) are working with the Department of Administration, Division of Finance to research the transactions which took place during the data conversion. This research is necessary to identify and correct erroneous or incomplete computer executions. This process is expected to take two months.

ENHANCEMENT OF THE FEDERAL BILLING PROCESS

Due to loss of federal certification of the present Federal Billing System, we have begun to develop a new Third Party Billing System. The following is a summary of the steps which have been completed to date.

- ° As reported in our April memo, Weyerhaeuser Information Systems was selected to design the new federal billing system. They have completed the front-end edit design criteria and program coding is scheduled to begin immediately. Currently the contractors are ahead of their work schedule which calls for full implementation by late September.

EVALUATE AND IMPROVE MANAGEMENT REPORTING

The ISD has indicated the need to compile data and examine in detail the Department's current reporting and systems maintenance workload. The Division's goal is to develop a long term plan to coordinate ISD resources to meet the Department's management and financial reporting needs.

- ° The Division has completed it's initial review of the Department's information reporting usage and needs. This review has identified in addition to AKSAS, two key peripheral management reporting systems, Project Costs Information System (PCIS) and Project 2 (P/2). Meetings are now being scheduled to plan and develop the most efficient and effective information flow between all three systems.
- ° Regional personnel have provided ISD with a proposed list of enhancements for the PCIS system. The list is being evaluated, in conjunction with the Division's long term plans for uniformity within regions and compatibility with AKSAS. A prioritized list of system enhancements will be distributed for review by June 15th.

DEVELOP STATEWIDE AKSAS TRAINING PROGRAM

In January the Department conducted a training needs assessment survey. This survey indicated an overwhelming desire for AKSAS training. In response a three level DOT&PF Statewide AKSAS Training program is being developed. Significant accomplishments to date are as follows:

- ° A training coordinator has been designated in each region, to assist in program development and implementation.

May 18, 1987

- ° The Central and Northern Regions have identified personnel to serve as local trainers. The Level One Manual was introduced to these trainers during pilot training sessions April 29th and 30th.
- ° The Level Two Training Manual is currently being developed. This manual will contain two major sections. Section one will detail data entry procedures and section two will cover customizing management reports. Completion of both sections is scheduled for the middle of June.

Please call if you have any additional questions or if we can be of further assistance.

Attachment

cc: The Honorable Steve Cowper, Governor
Pete Jeans, Chief of Staff
House Finance Committee Members
House Transportation Committee Members
Senate Finance Committee Members
Senate Transportation Committee Members
DOT&PF Regional Directors
Marsha Hubbard, Deputy Commissioner, Admin. Management, DOA
Jay Hogan, Director, Budget Review, OMB

MEMORANDUM


State of Alaska Department of Transportation & Public Facilities

TO: Mark S. Hickey
Commissioner

DATE: April 14, 1987

FILE NO:

TELEPHONE NO: 465-3900

FROM: 
Robert G. Poe, Jr.
Deputy Commissioner
Finance and Budget

SUBJECT: Capital Project Clean-up
Status Report

The Capital Project Clean-up (CPC) effort continues to make progress as measured by the CPC workplan you received with the March 16th status report. Since that report, considerable headway has been made in several key areas including the expansion of field work in DOT&PF regional offices, beginning work on the new Federal billing system and completion of an AKSAS training manual. The status of the workplan tasks addressed during the last month are as follows:

PROJECT MANAGEMENT

The CPC work plan and gantt chart which were developed in February are continually under review. At this time, there have been no significant revisions to the workplan and all major tasks are proceeding as planned.

Tom Haas (former State Accountant, Department of Administration) accepted the position of Assistant Director, DOT&PF Division of Management and Finance (DMF). His knowledge of and experience with AKSAS along with his years of experience in state government have already enhanced the CPC effort.

CAPITAL PROJECT REPORT (APPROPRIATIONS 1982 TO PRESENT)

This report is being developed to identify and communicate to the Commissioner, Governor and Legislature the financial status of all CIP projects and the cost to complete or cost to cancel each project. Several phases related to the development of this report are in process. The following steps have been performed:

- ° DOT&PF regional offices have reviewed the preliminary report of capital projects. The estimated costs to complete or cost to cancel each project have been forwarded to DOT&PF DMF for input and evaluation.
- ° Preliminary review has identified certain inaccuracies in AKSAS balances. Specifically, the recorded budgets and inception-to-date expenditures of some CIP projects contain unauthorized transactions. We are designing a reconciliation process to identify and correct the errors.
- ° Presentation of the Capital Projects Report to the Legislature is scheduled for April 15th.

DEVELOP ACCOUNTING PROCEDURES AND CONTROLS

Establishing specific accounting procedures and controls within DOT&PF (statewide) is critical to assure accurate and timely financial information for capital project activity. Successful implementation will require development of new AKSAS structures and supporting accounting controls. Actions taken to achieve these goals are as follows:

- ° As reported in our last memo, we have developed a new process to control DOT&PF accounting for appropriations and project costs. This process has been approved by the Office of Management and Budget (OMB) and we are currently working on specific procedures to assure complete and controlled implementation of the new process.
- ° A review process for the Project Costs Information System (PCIS), which is used for budgeting and cost estimation by project managers in all regions, is currently in the design stage. The Information System Division (ISD) anticipates implementation by June 1st. A regular review process is necessary to assure the integrity of data downloaded from AKSAS to PCIS.
- ° DOT&PF DMF has initiated a project to establish current accounting policies and procedures. The current Financial Management Operations Manual (FMOM) is incomplete and out-dated. Meetings will be held with the regional offices to review current operations and prioritize the areas of need.
- ° After lengthy discussions with the regions, it was determined that written project closeout procedures needed to be developed immediately. Those procedures are currently in draft form and are being reviewed in the regions.
- ° The needs assessment survey conducted in January indicated a high demand for AKSAS training. DOT&PF DMF has initiated a training program to be administered statewide. The program will consist of three levels of training ranging from a basic introduction to advanced structure design. The Level One program and manual is complete and training will begin in the Central Region by May 1st.

EVALUATION OF AKSAS HISTORY DATA

Both Internal Review and division directors for DOT&PF as well as legislative auditors have raised concerns over the accuracy of historical accounting data transferred into AKSAS when we converted from the old accounting system.

- ° DOT&PF DMF and ISD are working with the Department of Administration, Division of Finance to research the transactions which took place during the data conversion. This research is necessary to identify and correct erroneous or incomplete computer executions. This process is expected to take three months.

ENHANCEMENT OF THE FEDERAL BILLING PROCESS

Due to loss of federal certification of the present Federal Billing System, we have begun to develop a new Third Party Billing System. The following is a summary of the steps which have been completed to date.

- ° An RFP review committee evaluated vendor responses and selected Weyerhaeuser Information Systems to design the new federal billing system. Contract negotiations have been concluded and field work was started on Monday April 13th.
- ° The DOT&PF DMF in conjunction with the Federal Highway Administration (FHWA) has instituted a regular billing process and new procedures which will allow a timely processing of the federal-aid bill during development of the new billing system. Part of these new procedures include the development of a billing log which outlines and addresses various concerns of both parties regarding the federal-aid monthly billings.

EVALUATE AND IMPROVE MANAGEMENT REPORTING

Tom Kluberton, Director of ISD, produced a listing which catalogues all accounting and financial reports regularly produced in his division. This listing has been distributed throughout all DOT&PF regions. The regions will compile responses from the various report users and forward this information to Headquarters. Responses will be evaluated and used as a basis to develop a long-term plan to coordinate ISD resources to meet the Department's accounting and financial reporting needs.

cc: The Honorable Steve Cowper, Governor
Pete Jeans, Chief of Staff
House Finance Committee Members
House Transportation Committee Members
Senate Finance Committee Members
Senate Transportation Committee Members
DOT&PF Regional Directors
Marsha Hubbard, Deputy Commissioner, Admin. Management, DOA
Jay Hogan, Director, Budget Review, OMB

MEMORANDUM

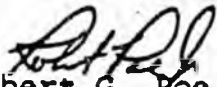
State of Alaska Department of Transportation & Public Facilities

TO: Mark S. Hickey
Commissioner

DATE: March 16, 1987

FILE NO:

TELEPHONE NO: 465-3900

FROM: 
Robert G. Yoe, Jr.
Deputy Commissioner
Finance and Budget

SUBJECT: Capital Project Cleanup
Status Report

This is the first in what will be a series of DOT&PF Capital Project Cleanup (CPC) status reports. These memos are intended to keep you informed as to our progress in addressing this critical issue for the Department. As you can see from the attached CPC work plan, we have expanded the scope of our CPC efforts considerably beyond cleaning up capital project historical data. Each month we will report to you on specific progress we have made in addressing each of the areas outlined in the workplan attached to this memo. You may wish to retain the work plan so you can follow our progress. Should you have any questions as we progress through this effort please call me at 465-3900 or Bob Bartholomew or Jim Merrill at 465-3911. The following is a discussion of our progress to date against the CPC workplan.

Status

PROJECT MANAGEMENT

The CPC work plan and gantt chart were developed in February, 1987. The plan has been reviewed with the DOT&PF Headquarters and Legislative Finance Committees staff. We are continuing to refine this workplan.

On March 2, 1987 two new employees, Randy Simmons, CPA, Director of Management and Finance and Bob Bartholomew, CPA, CPC Coordinator were brought on board to assist in CPC efforts.

Randy Simmons will fill the role as Comptroller of DOT&PF and Bob Bartholomew will perform the role of CPC Coordinator.

CAPITAL PROJECT REPORT (APPROPRIATIONS 1982 TO PRESENT)

This report is being developed to identify the financial status of all CIP projects post 1982 and report to the Commissioner, Governor and Legislature the cost to complete or cancel each project. Several phases related to the development of this report are in process. The following steps have been performed:

- ° Reconciliation of State Legislature Appropriations (1982 to present) to appropriation data recorded in AKSAS is substantially complete and the final report is being developed. Final variances will be detailed and significant items supported by memorandum.

- ° Prior accounting activity had produced files of unresolved input errors. "E" errors effect the capital project expenditures and require clearing to produce accurate reports. "A" errors are amounts correctly recorded into AKSAS but rejected in the conversion to FMS (Federal Billing System). These items require ongoing research to determine if such costs are federal participation costs. "E" error reconciliation is substantially complete and costs have been correctly recorded into AKSAS. A new system implemented in 1986 has eliminated the occurrence of "E" errors. A detailed listing of current "A" errors is regularly produced and monitored by the Assistant Director. Occurrence of "A" errors will be eliminated during the Federal Billing System Project.
- ° Double recording errors originated when the old State accounting system was converted to AKSAS. Certain appropriation and expense data were double recorded with a net financial effect of \$0. The entries have caused confusion in tying gross balances to source documents. The majority of these items have been identified and where necessary are being corrected in conjunction with the AKSAS appropriation reconciliation referenced above.
- ° A preliminary report of capital projects (1982 to present) has been produced. This report details project budget and expenditures inception to date. The report will be forwarded to the DOT regional offices on 3/13/87 for review and input of estimated costs to complete or cancel each project.
- ° Presentation of the Capital Projects Report to the Legislature is scheduled for 4/15/87.

DEVELOP ACCOUNTING PROCEDURES AND CONTROLS

Establishing specific accounting procedures and controls within DOT&PF (Statewide) is critical to assure accurate and timely financial information for capital project activity. Successful implementation will require development of new AKSAS structures and supporting accounting controls. Initial actions taken to achieve these are as follows:

- ° DOT&PF Internal Review Audit Reports issued in January, 1987 have been reviewed and procedures necessary to implement recommended controls are being developed. Draft procedures are anticipated by April 16, 1987.
- ° We have developed new AKSAS reporting and control structures to correct the current problem of monitoring project/appropriation status. Specific procedures are being developed for approval by the Office of Management and Budget. Once approval is obtained new appropriations/projects will be accounted for using the new structures.

- ° Processes to input and control revenue estimates and TANAB controls is scheduled to begin the week of March 16 - March 20.
- ° The Project Costs Information Systems (PCIS) is used for budgeting and latest costs estimates, by project managers in the Southeast and Northern Regions. Review and evaluation of the PCIS is scheduled to begin the week of March 16 - March 20.

ENHANCEMENT OF THE FEDERAL BILLING PROCESS

Due to loss of federal certification of the present Federal Billing System, we have begun the process to develop a new Third Party Billing System. The following is a summary of the steps in this process which have been completed to date.

- ° DOT&PF Finance and Information Systems Divisions, developed requirements for a new federal billing system. An RFP was prepared and forwarded to software vendors in February. Proposals were closed 3/6/87 and the review committee is currently evaluating them.

MANAGEMENT REPORTING

Tom Kluberton, Director of Information Services, is currently identifying all accounting and financial reports regularly produced in his department. Headquarters and Regional Finance (accounting) departments will be contacted beginning March 16, 1987 to determine their current report usage and whether all needs are being met. A draft overview of the Department's Accounting and Financial reporting requirements will be developed by April 17, 1987.

cc: The Honorable Steve Cowper, Governor
Pete Jeans, Chief of Staff
House Finance Committee Members
House Transportation Committee Members
Senate Finance Committee Members
Senate Transportation Committee Members
DOT&PF Regional Directors (including AMHS)
Marsha Hubbard, Deputy Commissioner,
Administrative Management, DOA
Jay Hogan, Director, Budget Review, OMB