

**Department of Finance
Division of Accounting and Administration**



**Functional Analysis
&
Records Disposition Authority**

**Presented to the
State Records Commission
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Functional and Organizational Analysis of the Department of Finance – Division of Accounting and Administration

Sources of Information

Representatives of the Division of Accounting and Administration, Department of Finance
Code of Alabama, 2013, 41-4-4; 41-4-32; 41-4-37

Division Finance Accounting and Administration, Division Responsibility Report
Functional and Organizational Analysis of the Division of Accounting and Administration,
Department of Finance

Historical Context

The Department of Finance was established in 1939 as a statutory department to manage and control all matters pertaining to fiscal affairs, except those duties assigned to other agencies. The Division of Accounting and Administration is a division of the Department of Finance. The division was established in April of 1997, to centralize accounting functions, and provide consistency and compliance with generally accepted accounting principles and fiscal policy for the Department of Finance. An internal service fund was established to account for the operations of the division.

Agency Organization

The Division of Accounting and Administration is a division of the Department of Finance and functions under the direction, supervision, and control of a director, who is appointed by the director of the Department of Finance with the approval of the governor. The Division of Accounting and Administration is made up of eight different sections: Budgeting, Purchasing, Accounts Payable, Financial Management and Reporting, Property Inventory and Fixed Assets, Receipts and Billings, System Administration, and Investments. The division may employ as many personnel as may be necessary to carry out the duties of the office.

Agency Function and Subfunctions

The Division of Accounting and Administration provides accounting services for the Department of Finance and its 13 divisions. Accounting & Administration produces monthly financial statements for divisions and is responsible for insuring ethical and accurate accounting of taxpayer money in the Department of Finance. The Division of Accounting and Administration may engage in the following subfunctions:

- **Budgeting.** The Division Accounting and Administration is responsible for preparing and compiling the Finance Department's budget, submitting it to the Executive Budget Office,

and providing support to the division director in budget preparation, monitoring, and maintenance of Finance Department budgets.

- **Purchasing.** The Division of Accounting and Administration assists and educates department personnel with purchasing and professional service contract rules and regulations by following the Code of Alabama 1975 and the Department of Finance Fiscal Policy and Procedures Manual. Accounting and Administration enters information into the appropriate system and also assists other Department of Finance divisions in completing purchase request/contract forms and critical need letters.
- **Accounting.** The Division of Accounting and Administration processes payments to vendors/customers/employees of the Department of Finance; serves as a liaison between divisions and vendors related to payments for goods and services; processes payment vouchers after checking all accounting codes, including the verification of sufficient budget authority, quarterly allotments, and cash availability requirements; and audits invoices and supporting documentation for accuracy, completeness, and legal/fiscal compliance.
- **Financial Management and Reporting.** The Division of Accounting and Administration gathers and analyzes information generated from the operations of the Department of Finance, correcting errors, posting information to ledgers, reconciling the accounting system with the ledger, and properly accounting for the reconciled totals on the financial statements for each internal service fund and reconciles accounting systems for governmental funds.
- **Inventorying Property.** The Division of Accounting and Administration assists all of the divisions in the Finance Department with their property inventory. Property inventory encompasses the entire process of recording and monitoring a fixed asset. This process includes attaching a number to the property, preparing paperwork and recording the property in the department's accounting system and the State Auditor's property inventory system and handling disposition of assets.
- **Receipts and Invoicing.** The Division of Accounting and Administration is responsible for depositing all receipts and payments received by the Department of Finance into the State Treasury and outside bank accounts. The division is also responsible for manual billing and all necessary modifications as well as monitoring, contacting and collecting on accounts receivable. Accounting and Administration also assists and educates division staff in understanding the deposit and billing process and how to correctly handle specific circumstances.
- **Administering Systems.** The Division of Accounting and Administration monitors AFNS (Advantage Financial Standard) and its subsystems to identify and correct errors and to ensure proper flow of transactions; helps Department of Finance staff and employees on AFNS and system related problems; maintains system tables and the chart of accounts; reconciles and distributes system reports, and creates new reports and automated spreadsheets; assist the department with end of fiscal year preparation and closings; and acts as the hardware and software support staff.

- **Investing.** The Division of Accounting and Administration will suggest possible investment opportunities for short term instruments and bonds in collaboration with bond agents. The staff reconciles, records, and documents investment transactions so that accounting records are accurate and follow the proper accounting procedures.
- **Administering Internal Operations.** A significant portion of the agency's work includes general administrative, financial, and personal activities performed to support its programmatic areas.

Managing the Agency: Activities include internal office management activities common to most government agencies, such as corresponding and communicating; scheduling; meeting; documenting policy and procedures; reporting; litigating; drafting, promoting, or tracking legislation; publicizing and providing information; managing records; and managing information systems and technology.

Managing Finances: Activities involved in managing finances may include the following: budgeting (preparing and reviewing a budget package, submitting the budget package to the Department of Finance; documenting amendment and performance of the budget); purchasing (requisitioning and purchasing supplies and equipment, receipting and invoicing for goods, and authorizing payment for products receive); accounting for the expenditure, encumbrance, disbursement, and reconciliation of funds within the agency's budget through a uniform system of accounting and reporting; authorizing travel; contracting with companies of individuals; bidding for products and services, and assisting in the audit process.

Managing Human Resources: Activities involved in managing human resources may include the following: recruiting and hiring eligible individuals to fill vacant positions within the agency; providing compensation and benefits to employees; supervising employees (evaluating performance, disciplining, granting leave, and monitoring the accumulation of leave); and providing continuing education for employees.

Managing Properties, Facilities, and Resources: Activities involved in managing properties, facilities, and resources may include the following: inventorying and accounting for non-consumable property and reporting property information on the appropriate authority; leasing and/or renting offices or facilities; providing insurance for property; and assigning, inspecting, and maintaining agency property, including vehicles.

Analysis of Record-Keeping System and Records Appraisal of the Department of Finance – Division of Accounting and Administration

Agency Record-Keeping System

The Division of Accounting and Administration of the Alabama Department of Finance operates a hybrid system composed of a computer system and a paper record-keeping system.

Paper-based Systems: Staff keeps and files print copies of records pertaining to daily business.

Computer Systems: The Division of Accounting and Administration uses SNAP, the statewide purchasing/procurement system, to obtain inventory and supplies for the operation of the division. AFNS (Advantage Financial Standard) is used as a departmental level automated accounting system. CAS (Central Accounting System) is used as the State level financial management system, for budgetary control and financial reporting. A custom designed Windows system, DORMIS (Division of Risk Management Information System), is used to reconcile and analyze payment claims using reports from Risk Management and AFNS. Various Excel spreadsheets are used in the course of business for fiscal year invoices, budget object percentages, document counts, and expenditure comparisons. System Reports are saved as PDF files to the server.

Records Appraisal

The following is a discussion of the two major categories of records created and/or maintained by the Alabama Department of Finance – Division of Accounting and Administration.

Temporary Records. Temporary records should be held for what is considered to be their active life and disposed of once all fiscal, legal, and administrative requirements have been met. Some of the temporary records created by the department are discussed below:

- **Completed and Approved Statewide Costs Allocation Plans:** Statewide Costs Allocation Plans are used to recover federal money by applying central service costs to federal programs. The plan provides state agencies with costs that can be considered part of the operating costs for each agency for a particular year. As outlined by the Code of Federal Regulations 45, section 74.53, the Statewide Costs Allocation Plan is to be retained for three years after the plan has been replaced and after all relevant audits have been completed.
- **Statewide Indirect Costs Letter:** “Indirect cost” means the cost of administering a state or federally funded program and includes a cost of providing a statewide support service. This document is distributed by the Division of Accounting and Administration to each state agency. Agencies are to use costs from this plan until a new plan is approved. As outlined by the Code of Federal Regulations 45, section 74.53, the Statewide Costs Allocation Plan is to

be retained for three years after the plan has been replaced and after all relevant audits have been completed.

Permanent Records. The Division of Accounting and Administration recommends the following records as permanent.

- **Investment Files:** Individual investment files with backup documentation. Backup documentation can include purchase documentation, recording of accounting transactions, confirmations, correspondence, etc. According to 17 CFR 270.31a-2, records (journals of original entry, receipts and deliveries of securities, and receipts and disbursements of cash and all other debits and credits) pertaining to investment securities shall be permanent

Permanent Records List
Department of Finance – Division of Accounting and Administration

Investment:

- 1) Investment Files

Department of Finance – Division of Accounting and Administration Records Disposition Authority

This Records Disposition Authority (RDA) is issued by the State Records Commission under the authority granted by the Code of Alabama 1975, Sections 41-13-5 and 41-13-20 through 21. It was compiled by the Government Services Division, Alabama Department of Archives and History (ADAH), which serves as the commission's staff, in cooperation with representatives of the Alabama Department of Finance – Division of Accounting and Administration. The RDA lists records created and maintained by the Alabama Department of Finance – Accounting and Administration Division in carrying out its mandated functions and activities. It establishes retention periods and disposition instructions for those records and provides the legal authority for the division to implement records destruction.

Alabama law requires public officials to create and maintain records that document the business of their offices. These records must be protected from “mutilation, loss, or destruction,” so that they may be transferred to an official's successor in office and made available to members of the public. Records must also be kept in accordance with auditing standards approved by the Examiners of Public Accounts (Code of Alabama 1975, Sections 36-12-2, 36-12-4, and 41-5-23). For assistance in implementing this RDA, or for advice on records disposition or other records management concerns, contact the ADAH Government Services Division at (334) 242-4452.

Explanation of Records Requirements

- This RDA supersedes any previous records disposition schedules and/or RDAs governing the retention of the Finance Accounting and Administrations records. Copies of superseded schedules and/or RDAs are no longer valid and should be discarded.
- The RDA establishes retention and disposition instructions for records listed below, regardless of the medium on which those records may be kept. Electronic mail, for example, is a communications tool that may record permanent or temporary information. As for records in any other format, the retention periods for e-mail records are governed by the requirements of the subfunctions to which the records belong.
- Some temporary records listed under the Administering Internal Operations subfunction of this RDA represent duplicate copies of records listed for long-term or permanent retention in the RDAs of other agencies.
- Certain other record-like materials are not actually regarded as official records and may be disposed of under this RDA. Such materials include: (1) duplicate record copies that do not require official action, so long as the creating office maintains the original record for the period required; (2) catalogs, trade journals, and other publications received that require no action and do not document government activities; (3) stocks of blank stationary, blank forms, or other surplus materials that are not subject to audit and have become obsolete; (4)

transitory records, which are temporary records created for short-term internal purposes that may include, but are not limited to, telephone call-back messages; drafts of ordinary documents needed for their evidential value; copies of material sent for information purposes but not needed by the receiving office for future business; and internal communications about social activities; and (5) honorary materials, plaques, awards, presentations, certificates, and gifts received or maintained by the agency staff. They may be disposed of without documentation of destruction.

Records Disposition Requirements

This section of the RDA is arranged by subfunctions of the Department of Finance – Accounting and Administration Division and lists the groups of records created and/or maintained by the agency as a result of activities and transactions performed in carrying out these subfunctions. The department may submit requests to revise specific records disposition requirements to the States Records Commission for consideration at its regular quarterly meetings.

▪ Budgets, Payroll, and Statewide Costs Allocation Plan

Managing the Agency

Budget Materials

Disposition: Temporary Record. Retain 1 year after audit.

Managing Human Resources

Payroll Registers

Disposition: Temporary Record. Retain 1 year after audit.

Managing Finances

Completed and Approved Statewide Costs Allocation Plan

Disposition: Temporary Record. Retain 3 years following replacement of plan, after all relevant audits have been completed.

Statewide Indirect Costs Letter

Disposition: Temporary Record. Retain 3 years following replacement of plan, after all relevant audits have been completed.

Audit Findings of the Statewide Costs Allocation Plan

Disposition: Temporary Record. Retain for 1 year after completion of audit.

Working Papers for the Statewide Costs Allocation Plan

Disposition: Temporary Record. Retain until completion of 2 audits.

Special Projects

Disposition: Temporary Record. Retain for useful life.

- **Purchasing and Professional Service Contracts**

Managing Finances

Purchase Order files with related documentation (p.o.'s req's, corresp, payment sheet)

Disposition: Temporary Record. Retain 1 year after audit.

Service Contract files and related documentation (contract, correspondence, payment sheet)

Disposition: Temporary Record. Retain 6 years after expiration of the contract.

- **Accounts Payable**

Managing the Agency

Capital Projects/Multi-year Projects Folder(s)

Disposition: Temporary Record. Retain 7 years after completion of the project.

Miscellaneous Correspondences

Disposition: Temporary Record. Retain 6 years after separation of employee from the agency.

Managing Human Resources

Unemployment Notice of Benefits check issued and Employer Notice of Determination

Disposition: Temporary Record. Retain 1 year after audit.

Managing Finances

Payment Voucher Forms

Disposition: Temporary Record. Retain 1 year after audit.

Warrant Cancellation Forms

Disposition: Temporary Record. Retain 1 year after audit.

Drawdown of Funds Forms

Disposition: Temporary Record. Retain 1 year after audit.

Monthly Report of Encumbrances and Liquidations

Disposition: Temporary Record. Retain 1 year after audit.

Daily Warrant Registers

Disposition: Temporary Record. Retain 1 year after audit.

Voucher Transmittal Listing Sheets
Disposition: Temporary Record. Retain 1 year after audit.

Request for Duplicate Warrant Forms
Disposition: Temporary Record. Retain 1 year after audit.

Finance DORMIS reconciliation of the General Liability and State Insurance Fund reports
Disposition: Temporary Record. Retain 1 year after audit.

- **Reporting/Property Section**

Managing the Agency

Monthly AFNS Reports
Disposition: Temporary Record. Retain 1 year after audit.

Monthly CAS Reports
Disposition: Temporary Record. Retain 1 year after audit.

Budget Variance Reports
Disposition: Temporary Record. Retain 1 year after audit.

Daily AFNS Reports
Disposition: Temporary Record. Retain 1 year after audit.

Daily CAS Reports
Disposition: Temporary Record. Retain 1 year after audit.

Various Excel Reports
Disposition: Temporary Record. Retain 1 year after audit.

FA Forms
Disposition: Temporary Record. Retain 3 years.

Managing Finances

Fund Financials
Disposition: Temporary Record. Retain 1 year after audit.

Journal Vouchers
Disposition: Temporary Record. Retain 1 year after audit.

Cash Transfers
Disposition: Temporary Record. Retain 1 year after audit.

CAFR Records

Disposition: Temporary Record. Retain 1 year after audit.

Managing Property

SD1 Forms

Disposition: Temporary Record. Retain 3 years.

▪ **Receipts/Accounts Receivable**

Managing Finances

Treasurer's Certificates of Deposit

Disposition: Temporary Record. Retain 1 year after audit.

Bank Deposit Receipts

Disposition: Temporary Record. Retain 1 year after audit.

Invoicing Records

Disposition: Temporary Record. Retain 1 year after audit.

Board of Adjustment Case Files

Disposition: Temporary Record. Retain 5 years after the final disposition of the case.

AFNS Interfund Cash Receipts Synopsis Reports

Disposition: Temporary Record. Retain 1 year after audit.

DORMIS Automated Update of Cash Receipts Transactions

Disposition: Temporary Record. Retain 1 year after audit.

Spreadsheets to Prepare Monthly Rental Invoices

Disposition: Temporary Record. Retain 1 year after audit.

▪ **Investments**

Managing the Agency

Memos and Correspondences

Disposition: Temporary Record. Retain 3 years.

Managing Finances

Daily Bank Reports

Disposition: Temporary record. Retain for two audit periods, then destroy.

Monthly Investment Statements

Disposition: Temporary Record. Retain 1 year after audit.

Monthly Bank Statements

Disposition: Temporary Record. Retain 1 year after audit.

INVESTMENT FILES

Disposition: PERMANENT RECORD. RETAIN IN OFFICE.

Wire Transfer files

Disposition: Temporary Record. Retain 1 year after audit.

Contracts and Agreements

Disposition: Temporary Record. Retain 6 years after expiration of the contract.

Daily Totals by Fund

Disposition: Temporary Record. Retain 1 year after audit.

Miscellaneous Risk Management reports

Disposition: Temporary Record. Retain 1 year after audit.

Journal Vouchers and Cash Receipt Copies

Disposition: Temporary Record. Retain 1 year after audit.

Requirement and Recommendations for Implementing the Records Disposition Authority

Requirements

Under the Code of Alabama 2013, Section 41-13-21, “no state officer or agency head shall cause any state record to be destroyed or otherwise disposed of without first obtaining approval of the State Records Commission.” This Records Disposition Authority constitutes authorization by the State Records Commission for the disposition of the records of the Division of Accounting & Administration (hereafter referred to as the division) as stipulated in this document.

One condition of this authorization is that the division submit an annual Records Disposition Authority Implementation Report on the division records management activities, including documentation of records destruction, to the State Records Commission in July of each year.

Recommendations

In addition, the division should make every effort to establish and maintain a quality record-keeping program through the following activities:

- The division should designate a records liaison, who is responsible for: ensuring the development of quality record keeping systems that meet the business and legal needs of the division, coordinating the transfer and destruction of records, ensuring that permanent records held on alternative storage media (such as microforms and digital imaging systems) are maintained in compliance with national and state standards, and ensuring the regular implementation of the division’s approved RDA.
- Permanent records in the agency’s custody should be maintained under proper intellectual control and in an environment that will ensure their physical order and preservation.
- Destruction of temporary records, as authorized in this RDA, should occur agency-wide on a regular basis – for example, after the successful completion of an audit, at the end of an administration, or at the end of a fiscal year. Despite the RDA’s provisions, no record should be destroyed that is necessary to comply with requirements of the state Sunset Act, audit requirements, or any legal notice or subpoena.
- The agency should maintain full documentation of any computerized record-keeping system it employs. It should develop procedures for: (1) backing up all permanent records held in electronic format; (2) storing a back-up copy off-site; (3) migrating all permanent records when the system is upgraded or replaced. If the agency chooses to maintain permanent records solely in electronic format, I is committed to funding any system upgrades and migration strategies necessary to ensure the records’ permanent preservation and accessibility.

- Electronic mail contain permanent, temporary, or transitory record information. Although e-mail records can be printed out, filed, and retained according to the RDA's requirements, the division should preferably employ an electronic records management system capable of sorting e-mail into folders and archiving messages having long-term value.
- The staff of the State Records Commission or the Examiners of Public Accounts may examine the condition of the permanent records in the custody of the agency and inspect records destruction documentation. Government Records Division archivists are available to instruct the agency staff in RDA implementation and otherwise assist the agency in implementing its records management program.

The State Records Commission adopted this records disposition authority on April 22, 2015.

Steve Murray, Chair
State Records Commission

Date

By signing below the agency acknowledges receipt of the retention periods and requirements established by the records disposition authority.

Anna Williams
Director Accounting & Administration

Date

Bill Newton, Acting Director
Department of Finance

Date