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Appendix D: Agency Interviews

This document consolidates the interview information gathered from discussions of Alaska's statewide systems bring reviewed during business case analysis.

D.1. ACCOUNTING INTERVIEW

February 11, 2003 1330-1530

Administration Commissioner's Small Conference Room

Business Process Personnel: Kim Garnero, Brenda Swift, Guy Warren, Linda Murray (could not attend) and Debra Bump

Project Personnel: Debra Bump and Mark Xavier

D.1.1. Alaska Statewide Accounting System (AKSAS) and Reporting Software (GENEVA)

The Alaska Statewide Accounting System (AKSAS) pays the state's 55,000 vendors and serves as the general ledger for state government. It was custom written for the state by Price Waterhouse in the mid-1980s and remains a viable accounting system today. It includes online data entry by users across the state and overnight batch processing of transaction files. Payments are issued and financial records updated each night. The reporting is always current and very flexible. It was enhanced by the addition of the 4th generation reporting product GENEVA in 1993. AKSAS is written in COBOL and Natural and is therefore faced with the same difficulty as AKPAY in recruiting programming staff for these legacy software languages.

AKSAS has no graphical user interface so it has the "green screen" feel, using PF keys to navigate. It has several points of interface with other systems, including AKPAY, to record disbursements, perform revenue and cost accounting, and support federal billings.

AKSAS was implemented in 1985 at an initial cost of \$15 million. It has about 2,500 total users, with an average of 350 concurrent users across the state. Like AKPAY, it is delivered to desktop computers using a 3270 emulation program over the state's telecommunications network. AKSAS uses ADABAS database software and runs on the same mainframe computer as AKPAY. The chargeback

cost is about \$1.3 million annually. No vendor maintenance costs apply, but five application programmer positions are dedicated to maintaining AKSAS.

D.1.1.1. Strengths

- Double entry accounting is transparent to users, coding of transactions part of the business rules for each transaction type.
- Accounting system is self-balancing.
- Systems are highly reliable.
- Reporting is up-to-date through posting of the previous night.
- Cost collectors are consistent with current requirements.
- Total Available Net Account Balance (TANAB) screens provide quick access to essential account balance information.
 - One significant use is to validate management reporting.
- Budgetary controls exist at different levels within cost collectors
- Own the source code; no licensing fees.
- On-line reporting capabilities.
- Ability to certify and authorize transactions through RD codes and limited workflow.
- Centralized warrant control.
- Good financial audit trail.
- Open item file tracks a financial event from encumbrance through payment.
- Reimbursable Service Agreements (RSAs) allow inter- and intra-agency transactions and eliminations for financial reporting
- Issuing warrants is a reliable process.
- Ability to have two open accounting years at the same time.
- There is short-cut coding to various cost collectors; this is highly desirable in any new system; also need to maintain reporting from the short-cut perspective.
- System posts at the lowest level of accounting structure; activity summarized at higher levels.

D.1.1.2. Areas For Improvement

- Accumulators are older in terminology and limited within the system.
- Difficult to change reporting, no easy drill down capability.
- Standard reports from AKSAS.
- Reports from GENEVA are complicated to create.
- Projections against budget are currently maintained in spreadsheets
- Users think they have to track expenditures off-line prior to being able to track them in the system.
- Restructuring cost collectors is very labor intensive.
- 30,000 table entries are required to define security for authorization and certification.
- Older technology: green screen, terminal emulation, PF-key, no cut-and-paste.
- Subsidiary ledgers for accounts payable, accounts receivables and receipts are lacking.
- RSAs are cumbersome to track when calculating changes to infrastructure for CAFR.
- Limited memo posting to transactions.
- Limited ability to change warrant transactions after processing.
- 1099 processing is difficult because warrants are fixed within the system even after adjusting transactions have been processed.
- No detailed information is available from AKPAY; summarized payroll effects to accounts are posted for payroll charges; posting defaults to agency financial suspense structures when there are problems.
- Only one address is available for vendors.

- No reference information for adjusting journal entries.
- Garnishments and levies are manually maintained.
- Privacy is an issue for SSNs and vendor records.
- Non-mainframe interfaces are difficult and open interface standards are not available.
- Closing process is not clear.

D.1.1.3. Vulnerabilities

- Systems support and programming staff are aging; replacement staffing difficult to attract.
- GENEVA is essential for management and ad hoc reporting in the current environment; current cost is negligible; IBM owns software now; licensing ramifications are uncertain.
- GENEVA works well for highly trained users; not liked by casual users.

D.2. GENERAL SERVICES INTERVIEW

February 12, 2003 1015-1200

Dwayne Peeples ' Office

Business Process Personnel: Vern Jones (could not attend), Dwayne Peeples and Eric King

Project Personnel: Debra Bump and Mark Xavier

D.2.1. Lease Management System (LMS) and Lease Projection System (LPS)

The Lease unit recently implemented software developed by Wostmann and Associates, a local software firm, called the Lease Management System (LMS) and the Lease Projection System (LPS). It tracks basic information regarding leased and state-owned real estate. The software allows division staff to manage space, leases, customer leases (both existing and new) amendments, renewals, and the terms of each. It projects current and future fiscal year costs using outside information including consumer price index and regional factors. It also provides the information necessary to bill the lease customers and the customer tenants in the state-owned public facilities and includes both ad hoc and standardized reporting. The platform for this system is Oracle and the software is Java. The system allows for numerous simultaneous users.

D.2.1.1. Strengths

- Oracle based system written locally.
- Can be maintained locally.
- Manages cost and terms of leases.

D.2.1.2. Areas For Improvement

- Not fully functional due to erratic and episodic development; development characterized by several starts and stops, development and documentation not consistent.
- Difficult to obtain added functionality.
- Viewed as a hybrid of technology.
- Should interface with other systems to track costs and warrants.
- Web enable to allow broader access to data
- Utilize open standards to interface data and provide greater access.
- Explore mature systems that provide greater degree of “best practices” for lease management.

D.2.2. MAXIMO

The Facilities unit is in the process of purchasing MAXIMO, a system for preventative maintenance and projections of facility needs. MAXIMO provides a work-order module, an equipment module, labor and other resources module, calendar module, job plans, and work management with scheduler module. MAXIMO was selected because it reportedly has an intuitive interface and we anticipate it will interface smoothly with any statewide software. Space management and rate setting capabilities will be required of the system, because the state as lessor needs to manage these relationships in accordance with the requirements of OMB Circular A-87. MAXIMO will not fulfill the capital asset accounting needs of this section, which are currently being met using MS-Excel.

D.2.2.1. Strengths

- Provides facilities and preventative maintenance management functionality.
- Vendor marketed software product for international clients.
- Utilizes work-orders to track work effort.
- Utilized by state Dept. of Transportation; brought over to General Services with assumption of facilities management responsibility.
- Mature system that provides a degree of “best practices” for facilities management function.

D.2.2.2. Areas For Improvement

- Needs better integration to other systems.
 - Utilize employee cost from AKPAY.
 - Basis for issuing warrants for supplies.
 - Basis for time allocation for charge back purposes.
- Explore mature systems that provide greater degree of “best practices” for lease management.
- Many of work-orders managed in MS-Excel spreadsheets.

D.2.3. State Property System

The Property Management unit has the overall statewide responsibility for inventory control and surplus disposal, and departmental property officers in each agency are responsible for inventory within their respective departments. Two

systems currently support the property function. The State Property System is an aging mainframe system that contains the equipment records that support the state's current capital asset accounting. As with facilities, the actual accounting is currently done in MS-Excel. SURDATA is a Foxpro database that supports the surplus disposal process. Both of these systems are greatly in need of replacement.

D.2.3.1. Strengths

- Tracks all assets based upon tag number.

D.2.3.2. Areas For Improvement

- Aging mainframe application.
- Needs bar-code technologies.
- New system designed, but not developed.
- Labor-intensive disposal process.
- Difficult to track disposal because the transition of the asset between stages of disposal causes multiple records that need to be reconciled.
- Should interface with other systems to track costs, warrants and receipts.
- A lot of property accounting also managed in MS-Excel spreadsheets and SURDATA database.
- Web enable to allow broader access to data
- Utilize open standards to interface data and provide greater access.
- Explore mature systems that provide greater degree of "best practices" for property management.

D.2.4. SURDATA

SURDATA is a Foxpro database that supports the surplus disposal process.

D.2.4.1. Strengths

- Supports surplus data tracking.

D.2.4.2. Areas For Improvement

- Explore mature systems that provide greater degree of "best practices" for lease management.

D.3. PAYROLL INTERVIEW

February 13, 2003 0800-1000

Administration Finance Conference Room

Business Process Personnel: Mark Minthorn and Bill Diebels

Project Personnel: Debra Bump and Mark Xavier

D.3.1. Alaska Statewide Payroll System (AKPAY)

The Alaska Statewide Payroll System (AKPAY) pays the state's 16,500 employees in either semi-monthly or biweekly payroll cycles. Employees are distributed among 13 bargaining units, each with different pay and benefit packages. AKPAY is a vendor-supplied payroll software product—Tesseract—that was substantially modified to accommodate the state's requirements. The dwindling customer base for this software product is one factor that makes system replacement a time critical project. A second factor is the software languages. Tesseract is written in COBOL and Assembler, and our modifications are in COBOL, SAS, and Natural. It is becoming more difficult to find programming staff trained in the legacy software languages.

Staying current with vendor maintenance requirements is a constant challenge. We are currently faced with converting the underlying database from ADABAS to DB2 to keep within vendor support specifications. Most user requests for modifications and enhancements are not able to be fulfilled since modifications to keep the system functional and current are the first priority. The system pays consistently and keeps adequate records, but has poor user interfaces. The screens are not intuitive and the reporting capability is very limited. The lack of a time and attendance front end is a major burden on users. MS-Excel timesheets and a few homegrown application interfaces have been developed to compensate for this lack of functionality.

AKPAY was implemented in 1990 at an initial cost of \$3 million. It has about 900 total users, with an average of 100 concurrent users across the state. It runs on the mainframe computer operated by ITG at a chargeback cost of about \$500,000 annually. Vendor maintenance costs are about \$100,000 annually. Six application programmer positions are dedicated to maintaining it.

D.3.1.1. Strengths

- Reliable payroll, recording and reporting functions

D.3.1.2. Areas For Improvement

- Reporting
 - User defined reports and schedules.
 - More electronic distribution.
 - Report packaging and collation.
 - Report groups within organizational units.
 - Easily maintainable packaging.
 - Multiple media for reports.
 - Open data access and capture standards.
 - Data access based upon user role.
 - Strong ad-hoc capabilities.
 - History information accessible online from May 1990 to present.
 - Data warehousing capabilities.
 - Payroll reporting based upon organizational, personnel classification, or position criteria.
 - Strong user training for reporting capabilities with on-line help, Web pages, etc.
- Data needs to be available for multiple years to do trend analysis.
- Data collection through workflow process:
 - Personnel information initiated through applicant process.
 - Position information through budget and classification processes.
 - Payroll information through hiring, selection and benefits election processes.
 - Time keeping information standardized.
- Self-service access to employee data as soon as possible during employee hiring process.
- Time recording is a very difficult and varying process throughout state agencies.
 - Dual recording is required; capture from employees; transformation by agencies for entry into payroll system.
 - Shift differentials and other premium pay manually entered.
 - Marine Highway payroll very complex.
 - Payroll for three marine labor unions with varying work rules and their effect on pay; master agreement, supplemental agreements, letters of agreement (LOA), and practices not uniform nor uniformly documented.
 - Need ability to project time expectations and compare these against actuals.
- Need to provide evaluation of health insurance deductions by looking forward and backwards in time.
- Benefits should not be included in payroll; should be a separate module that provides payroll deductions, their description, and tax treatment.
- Organizational blur between Division of Finance/Payroll and Division of Retirement and Benefits.
- The cancel process generates labor distribution for AKSAS which works well in normal situations; corrections cause suspended transactions; must first find original; adjusting entries have a month or more lag time in corrections; detail not available to end users.
- Employee / employer deductions for Medicare are not closely tied and can get out of sync.
- Pay advices for direct deposit needs to be flexible for distribution.
- Open interface standards needed for:
 - Child support enforcement
 - State employment information for unemployment insurance, labor statistics, etc.
 - Service and wage information for retirement and benefit claims.
 - Employee verification of part-time and temporary hours.
- Agreement on audited information of service and wage information for retirement and benefit claims; this is a very manual effort.

- Disaster recovery and business capacity needs must be part of replacement effort.
- Auditable information needs to be maintained in on-line and hard copy formats.
- On-line data access should have browser-based capability.
- Browser based capability denotes an added reliance on WAN; high level of confidence in the accessibility of the mainframe; WAN confidence not as high; is the current vendor and service level agreement up to additional reliance of payroll information in the WAN environment?
- Security of payroll system is complex and labor intensive; need to implement group and roles based security.
- Need on-line policies and procedures with helps, Web pages, etc.
- Need to provide security audit reports for payroll activity identifying who, what and when transactions were processed.
- Allow batch entry of transactions with same edits as on-line entry; accept portions of batches with error transactions suspended; allow immediate acceptance of corrected transactions.
- Organizational changes are labor intensive and manual.
- Need testing environments: total volume, beta/release, QA, and development.
- Manual checks are only interfaced to payroll on payroll dates; causes out of sync condition with accounting when checks clear.
- Need flexible forms design for reports, checks, etc.
- Ability to print checks in batch from a number of real-time requests.

D.4. PURCHASING INTERVIEW

February 18, 2003 1330-1430

Kim Garner's Office

Business Process Personnel: Walt Harvey

Project Personnel: Debra Bump and Mark Xavier

D.4.1. Procurement Tracking Database

The Division of General Services operates several independent systems that support its varied areas of responsibility. Notably missing is a centralized purchasing system. To compensate for this, the division operates several disparate databases to support individual aspects of the purchasing process. Purchase requests are tracked manually using MS-Access and MS-Excel spreadsheets. Tracking is labor intensive, but necessary to know the status, produce information for interested parties, and meet required reporting responsibilities under the law. Other databases maintained by the division for purchasing track vendors, grocery bids, meat bids, and sealed bids.

D.4.1.1. Strengths

- MS-Access database supplemented with MS-Excel spreadsheets; written locally.
- Source of Biannual Procurement Report of:
 - Single Source / Emergency Purchases.
 - Formal Procurement > \$50,000.
 - Alternate Procurement > \$50,000.

D.4.1.2. Areas For Improvement

- Manual collection of data from agency procurement officers.
- e-Procurement effort was attempted, but failed because of difficulty of working with development staff and lack of progress.
- System to easily support consolidation for increased purchasing power.
- Allow for reverse auctioning.
- Integrate with vendor procurements under negotiated contracts.
- Should directly provide information to Lt. Governor's posting of procurement actions > \$50,000, solicitations and amendments.
- Should interface with other systems to track costs and warrants.
- Web enabled to allow broader access to data.
- Utilize open standards to interface data and provide greater access.
- Explore mature systems that provide greater degree of "best practices."

D.4.2. Vendor System

The state is required by statute to maintain a list of vendors interested in selling products or services to the state. The Division of General Services also provides vendor lists and mailing labels to all departments and others outside state government. The Vendor System is an internally designed database which tracks vendor information for these purposes.

D.4.2.1. Strengths

- Oracle based system written locally.
- Can be maintained locally.
- Manages vendor provided profile information.
- Utilizes local supply, service and location codes.
- Generates vendor lists or mailing labels.
- Out-of-state vendor lists approved by Chief Procurement Officer.

D.4.2.2. Areas For Improvement

- Explore mature systems that provide greater degree of "best practices" for vendor management.
- Web-enable for self-service information and requests:
 - Vendor profile information.
 - Agency requested vendor lists with authorization for out-of-state vendor requests.

D.4.3. Purchasing Officer Certification and Training Program

The Procurement Certification Program supports the purchasing authority delegated to state agencies by scheduling and tracking required training courses. The software, developed by the Department of Administration, uses LDAP (lightweight directory access protocol) authentication and a Web browser acts as client. Employees and their supervisors can view certification status.

D.4.3.1. Strengths

- Best working procurement area system.
- Can be maintained locally with PowerBuilder programming staff.
- Developed in an iterative / prototyping method.

D.4.3.2. Areas For Improvement

- Same basic application as other areas; could share system, operation and maintenance.
- Web enabled to allow broader access to data.
- Utilize open standards to interface data and provide greater access.
- Explore mature systems that provide greater degree of “best practices.”

D.5. PERSONNEL INTERVIEWS

First Interview

February 20, 2003 0830-1000

Administration Finance Conference Room

Business Process Personnel: Steven Rice and Greg Sheppard

Project Personnel: Debra Bump and Mark Xavier

D.5.1. Human Resource Reporting System (WorkPAD)

WorkPAD is the human resources tracking and reporting system for the state. It provides the human resources community with access to position/vacancy data, as well as information related to performance evaluations. Development is being done utilizing ColdFusion and MS-SQL and the system was implemented on July 25, 2002.

D.5.1.1. Strengths

- Quickly developed locally utilizing ColdFusion and MS-SQL.
- Maintains statistics on position vacancies and performance evaluations.
- Department information is available in various sorts by categories such as bargaining unit.
- Users download data files for their reporting and manipulation purposes.

D.5.1.2. Areas For Improvement

- Not fully functional because of compromises in development and schedule of developer.
- Not all desired reporting has been developed.
- System support is not fully understood, and its effects are confusing to users
 - Downloads
 - Interfacing structures
 - Process sequence
 - Schedule of updates vary for accounting on positions, and evaluations and other personnel information.

D.5.2. TrainAlaska

A subsequent discussion was held with David Stewart and Steve Rice on July 22, 2003. Registrar has been replaced with TrainAlaska, a custom developed system using Stellant software. TrainAlaska meets a variety of requirements related to management of training resources including Web registration by students.

D.5.2.1. Strengths

- Manages classes, instructors, advertising, registrants, notifications, and trainee tracking.
- Handles on average 5-25 classes a month with 25 students per class.
- Web-enabled to allow broader access to data.
- Web self-service features for registrants.
- Utilize open standards to interface data and provide greater access.

D.5.2.2. Areas For Improvement

- Integration with other applications to validate:
 - Advertising costs
 - Contracted and employee trainer costs
 - Total class costs
- Explore mature systems that provide greater degree of “best practices.”

D.5.3. Position database and Bargaining Unit Appeals System

The Classification section has created two small MS-Access databases to track information related to classification activity. The Position database logs information related to classification actions. The Bargaining Unit Appeals system tracks bargaining unit appeals of classification actions.

D.5.3.1. Strengths

- Manages classification and appeals information.

D.5.3.2. Areas For Improvement

- Manual process.
- Utilize open standards to interface data and provide greater access.
- Interface with ABS for budget information.

Second Interview

February 21, 2003 0900-1000

Kim Garnero's Office

Business Process Personnel: Amanda Holland and Karl Forsyth

Project Personnel: Debra Bump and Mark Xavier

D.5.4. Workplace Alaska

D.5.4.1. Strengths

- Manages hiring process well:
 - Posting of position openings.
 - Notification of new vacancies for job classifications.
 - Establishes self-service editable applicant profile.
 - Links applications to postings.
 - Hiring manager post, screen, document interview and selection criteria and results, and ultimate disposition of the hiring action.
- Applicants have access to position disposition.
- Web based interface accessible through the internet, with access available in libraries statewide for those who don't have personal internet access.
- Authentication of account through LDAP; updated nightly from AKPAY (Enhancement scheduled for the 3rd quarter 2003.)
- Could be used as a gateway or workflow engine with other systems and databases.
- Easy to update for new contract requirements.
- Lotus Notes/Domino architecture has long-term advantages:
 - Open standards; allows for integration.
 - Domino has strong design, data store, and presentation layers.
 - Gateway functions can provide methods to develop workflow processes.
 - Development environment is mature and part of IBM's long term marketing strategy.
 - Security is strong, robust, granular, and "bullet proof."
 - Maintainable.
 - Valuable in workflow consideration as an engine, even without its repository aspect.
- Handles volume of transactions well.
- Has survey capability for applicants, with data accessible to hiring managers.

D.5.4.2. Areas For Improvement

- Needs stronger integration with other systems:
 - Interface to Grievance systems to limit applicant's acceptability as appropriate; to remove limitations as when appropriate.
 - Interface to Workpad to validate bargaining unit issues; self-verification is current practice.
 - Place applicants in priorities based upon Lay-off Lists, Audit Guarantees, etc.
 - Integration with performance evaluation data.
 - Integration with TrainAlaska to verify training certification for application eligibility.
 - Validate advertising cost for position postings.
- Users have multiple profiles; provide mechanisms to help them manage them easier.
- Provide legally defensible questions for applications and interviews.
- Applicants need access to position disposition for all positions for which they applied.
- Manually updated quarterly with EEO data.

Third Interview

March 5, 2003 1100-1200

Kim Garner's Office

Business Process Personnel: Adrienne Snow

Project Personnel: Debra Bump and Mark Xavier

Current systems have been developed in an environment of minimizing the cost of systems development and restricting access to labor relations information because of its sensitive nature. The Grievance Filing System is a system in the early planning stages. It is intended to be a Web-enabled system that will allow employees to file grievances via the Web, and then track those grievances through to resolution. It will be integrated with the Grievance Tracking system, and perhaps the PEI and Human Rights systems.

D.5.5. Alaska Labor Relations Agency (ALRA) System

The ALRA (Alaska Labor Relations Agency) system tracks ALRA filings, hearing schedules and decisions, such as Petitions to Enforce and Unit Clarifications. It provides a detailed log of the status of all filings. It is written in MS-Access.

D.5.5.1. Strengths

- Access database of filings, hearing schedules and decisions.

D.5.5.2. Areas For Improvement

- Improve technical support.

- Enhance with reporting capabilities.
- Provide triggering mechanism for analyst workflow.

D.5.6. The Performance Evaluations Investigations (PEI) and Performance Evaluations Appeals (PEA) systems

The Performance Evaluations Investigations (PEI) and Performance Evaluations Appeals (PEA) systems are other end user developed systems written in MS Access. They are currently non-functional.

D.5.6.1. Strengths

- Access database of filings and decisions.

D.5.6.2. Areas For Improvement

- Improved procedures and instructions for use.
- Professional development of system.
- Part of future grievance tracking system acquisition.
- Explore mature systems that provide greater degree of “best practices.”

D.5.7. Human Rights Database

The Human Rights database is a system developed in MS Access that tracks cases, issues, and involved parties related to Human Rights complaints.

D.5.7.1. Strengths

- Access database of filings, hearing schedules and decisions.

D.5.7.2. Areas For Improvement

- Improve technical support.
- Enhance with reporting capabilities.
- Provide triggering mechanism for analyst workflow.

D.5.8. Grievance Tracking System

The Grievance Tracking System is developed in File Maker Pro. It will be upgraded to either MS-Access or MS-SQL. It was developed to provide a method of tracking grievances, complaints, and disputes from the point of receipt through closure.

D.5.8.1. Strengths

- Tracks grievances, complaints, and disputes from the point of receipt through closure.
- Maintained locally.⁷

D.5.8.2. Areas For Improvement

- Workflow could improve the processing of cases through the variations of flows based upon the position involved
- Development and maintenance dependent upon ITG managed services contract.

D.6. RETIREMENT AND BENEFITS INTERVIEW

February 20, 2003 1430-1600

Administration Commissioner's Large Conference Room

Business Process Personnel: Guy Bell, Kevin Worley, Michael Hoskins, Michael Adams, Lisa Marie Tourtellot, Jean Jepsen, Tom Locher, and Timothy Adair

Project Personnel: Debra Bump and Mark Xavier

D.6.1. Deferred Compensation Plan (DCP)

The Deferred Compensation Plan (DCP) is a tax deferral program for state employees. The DCP system collects and tracks member payroll deductions from AKPAY and reports these as contributions to the contract record keeper. The record keeper maintains detailed account information and makes the net disbursements to fund managers. The plan uses the record keeper's trading and internet services to conduct investment and other transactions; they report balance information to both the division and the plan members. Data and instructions for distributions are prepared and authorized by the division. Electronic files are sent to populate the payment system.

The state is presently the only customer of this service.

D.6.2. Supplemental/Select Benefits System (SBS)

The Supplemental/Select Benefits System consists of two parts, insurance enrollment and annuity information. Employers provide indicative data on members from which eligibility for benefits is derived. There are approximately 29,500 members in the system with a positive account balance who can conduct transactions. Approximately 65% of the members are actually actively contributing, and 35% are former employees with account balances. Those balances can remain with the system for close to 15-20 years on average. The SBS annuity plan uses the same record keeper and same transaction system as the Deferred Compensation Plan.

For insurance benefits, employees electronically enroll or are enrolled in a default plan. The division is responsible for maintaining enrollment data and reporting

deduction setups and any necessary adjustments to employers. This is done electronically for the state and by paper for other employers. The employers are responsible for deducting premiums and reporting to the division; these deductions are reconciled with the enrollment elections. From election and deduction data, eligibility is reported to insurance companies and claims processors on either an aggregate or individual basis. This system is being completely rewritten and was scheduled for live start-up in October-December 2002. The new system has also integrated many of the functions and processes of the SBS and DCP. For employees in the Dependent Care Reimbursement Account, a subsystem is maintained to track and process claims and issue reimbursements to approximately 350 members on a semi-monthly basis.

Annuity benefits (The annuity is an employer/employee section 401(a) defined contribution plan in which the state participates in lieu of social security contributions) are mandatory and employers are responsible for deducting contributions from employee salary and reporting it with matching employer contributions. This is done electronically for the state and for most major large employers; by paper for about ten smaller employers. The system reports contributions to the record keeper and is handled along side with, and the same as, the DCP system described in the first paragraph.

The division maintains a health eligibility reporting system to report eligibility for health benefits for retirees and active employees, approximately 30,000 members. The system maintains information on covered dependents based on member enrollment and changes. The system accepts eligibility data from AKPAY twice monthly and the retiree payroll system monthly, merges it with coverage and dependent data, reports to the health claims processor, and maintains a history of the reporting.

The state is presently one of ten customers of this service.

D.6.3. Combined Retirement System (CRS)

The Combined Retirement System (CRS) is an integrated modular software system that maintains service records for all members of the Public Employees', Teachers', and Judicial Retirement Systems (approximately 88,000 members). The state is one employer of 212 served by the division for retirement system administration. Approximately 50% of the member volume is generated by the state, the other 50% from 211 outside reporting units that maintain their own separate systems. (The division's CRS system integrates all the information necessary for retirement system purposes).

The payroll module of CRS produces monthly retiree payments (23,500), weekly payments (100 per month), and refunds of employee contribution accounts (250 per month). Monthly disbursements exceed \$37 million. Extensive maintenance

to payee records takes place each month (over 1,000 per month). Approximately 83% of payments are made by electronic fund transfer (EFT), and 17% by warrant. The system is also used for federal and state tax reporting.

CRS, including both the production and test payroll systems, operates on an AS/400 platform owned by the division. This system has been completely rewritten over the past five years and is fully stand-alone. It integrates the needs of 211 outside employer reporting units and the State of Alaska. The CRS system also has its own financial reporting module for general ledger and accounting purposes.

D.6.4. System Requirements from the State

D.6.4.1. Strengths

- There are automatic hooks into AKPAY for warrant disbursements and adjustments.

D.6.4.2. Areas For Improvement

- Historic information about employee service history needs to be accessible online.
- Push of information from AKPAY needs to be enhanced.
- Employee self-service capabilities.
- Periodic reporting and validation of employee, beneficiaries, service levels, pay history, benefit election history
- Additional data desired:
 - Scattered Leave Without Pay (LWOP).
 - Worker's Compensation events.
 - Payroll adjustment records.
 - Merit pay due.
 - Grievances effect pay.
 - Other payroll adjustments.
 - Marital status.
 - Beneficiary elections.
 - Leave accrual rates.
 - Creditable service time.
 - Daily updates of indicative data.
 - Time and attendance information.
- Consistent classification of temporary employees.
- All payroll and indicative activity occurring during a pay period; some activity being missed.
- Improved processing of deferred compensation deductions when maximums reached.
- Foreign addresses and zip codes need to be standardized in AKPAY.
- On-line warrants printed in near term, not just on payroll dates; needs to be properly coordinated with treasury.
- Streamline process of working with many payroll systems and their schedules.
- Bi-weekly payroll will cause problems for benefits with extra pay period, and accruals; annualize payroll is very important.
- Need to apply rules on limits of premiums.
- Health reporting should be more frequent.
- LWOP and Family Medical Leave Act (FMLA) activity.

- Handle on and off activity within a pay period
 - Payroll?
 - Benefit elections?
 - Adds and drops from funds?
- Pro-rated premiums.

D.7. INVESTMENTS INTERVIEW

February 24, 2003 0900-0945

Kim Garnero's Office

Business Process Personnel: Betty Martin (could not attend) and Charlene Morrison

Project Personnel: Debra Bump and Mark Xavier

D.7.1. Custodian Bank

State Street Bank is the custodian for the investments managed by the Treasury Division (these include the general fund, the CBRF and the pension funds plus several smaller funds). The division relies on the custodian to act as its book of record. This means that State Street's records are considered the primary records. The division does not capture any transaction detail in an in-house general ledger. Instead, summary journal entries are posted monthly to AKSAS.

D.7.2. Internal Versus External Money Managers

Internal staff of the division invest most of the domestic fixed income portfolio. All other investments (domestic and international equities and international fixed income) are invested through contracts with external money managers. Monthly, the external managers are required to reconcile their detail transaction and holdings records with the custodians. There is no such reconciliation performed at this time between the internal investment staff and the custodian. This is because the division has no internal subsidiary accounting system to track its own investment activity and portfolio holdings.

Internal investment staff send trade information to the custodian through the Bloomberg Trading system. Bloomberg has limited capabilities to capture the portfolio transaction detail.

D.7.3. System Requirements from the State

D.7.3.1. Areas For Improvement

The trading process is almost completely automated through the Bloomberg Trading module. However, the division would like to be able to maintain its own subsidiary records at the transaction level (this would be similar to a subsidiary fixed income system, not a full blown general ledger system). The following are important factors to consider in the acquisition of such a system:

- The ability to accept pricing updates (electronically) on a daily basis.
- The ability to accept trade details from an automated feed directly from Bloomberg (real time, not batched).
- The ability to calculate interest accruals daily by security.
- Ability to accept electronic updates of mortgage backed security factors.
- Track and notify status of security maturities.
- Ad hoc querying of investment information (based on any data field).
- Ability to generate, either electronically or for manual input, the appropriate summarizing journal entries to update the state's general ledger.

D.8. CASH MANAGEMENT INTERVIEW

February 21, 2003 0900-1000

Michelle Prebula's Office

Business Process Personnel: Michelle Prebula and Sue Bump

Project Personnel: Debra Bump and Mark Xavier

D.8.1. ResourceIQ²

Cash Management currently uses ResourceIQ² as their Treasury Management Workstation. ResourceIQ² is a LAN-based product using a Sybase back end. Cash Management is licensed for five simultaneous users. This system performs bank polling every morning to obtain prior day banking data for four local banks, and receives three files via direct lease line from the state's custody bank for current day transactions. The system puts these transactions in a standardized format, and assigns AKSAS financial coding to each transaction. This data is extracted on a daily basis to upload into AKSAS. The AKSAS extract is saved on Treasury's LAN, in a PC-based format. ROSCOE is used to upload the file to the ITG mainframe where a JCL program is run against the data to translate it into a format AKSAS will accept for interface. ResourceIQ² is a mission critical system for recording and reporting the state's cash receipts and warrants clearing.

D.8.1.1. Strengths

- Robust unattended process that works well based upon automated processing schedule.
- Automatically identifies most banking transactions.
- Processes wire transactions.
- Works with multiple banks.
- Business rules are integrated into the accounting interface.
- Superior performance and automation features to previous service.
- Good correction process for unposting, fixing and reposting transactions.
- High level of automation needed because of small staff size.

D.8.1.2. Areas For Improvement

- Banks going to Web interfaces; could cause significant changes to interface.
- ResourceIQ² not penetrating a larger portion of the cash management/treasury market.
- Open standards for data access could facilitate greater use of source data.
- Manual reconciliation encapsulated into MS Excel macros.
- Cash account to cash account transactions are needed to split Treasury Receipt (TR) transactions.
- Automatic splits between TR and Agency Receipt (AG) transactions needed.
- Dependent on software vendor for interface modifications.
- Software security is elementary based upon screens, not accounts and roles.
- Designed for MS Access database; required Sybase database; occasional system problems because of configuration.
- Need sub-account reporting.
- New releases require retrofitting customized requirements.
- Higher level and standard of vendor support desired:
 - Technical support limited.
 - Very limited documentation and training on system.
 - State staff generally designs solutions to problems reported to vendor.
- Need memo attachments to transactions.
- Ability to mirror states general ledger chart of accounts.
- Need to make cash management systems control cash accounts in the states general ledger.

D.9. BUDGET INTERVIEW

March 17, 2003 1430-1530

Administration Finance Conference Room

Business Process Personnel: Joan Brown, Jack Kreinheder
and Will Belknap

Project Personnel: Debra Bump and Mark Xavier

D.9.1. Alaska Budget System (ABS)

The Alaska Budget System (ABS) produces easily understood operating and capital budget information for the administration, legislature and public. ABS is

used to prepare and implement annual budgets for all executive branch departments. It replaced old inflexible computer systems that were not year 2000 compatible and did not “roll-up” from departments to produce statewide budgets and appropriation bills. Overall, the system streamlined budget development, with more emphasis on facilitating decisions.

ABS contains two modules: operating and capital. Both modules feature integrated processing environments for all executive branch departments. For example, departments can now develop their budgets in the system and simply click on a button to submit their information to OMB.

User-defined scenarios provide departments flexibility for “what if” decision-making. Flexible reporting options allow for picking and choosing report data at the time the report is created. ABS is a Windows-based system with a graphical user interface that is easy to learn and use. The database management system is IBM’s DB2 running on an AIX server. The recommended minimum desktop configuration is a Pentium 90 with 16 MB RAM and a VGA, 640x480-resolution capable display monitor.

There are currently about 340 users of ABS statewide.

D.9.1.1. Strengths

- ABS was specifically designed to meet the needs of Alaska’s statute and policy driven budget process.
- The system has several elements that provide flexibility for the OMB staff and its customer base.
 - Easy to establish new budgetary structures and fund sources.
 - New transaction codes are easily included.
 - Reports and sorts are easy to establish and change.
 - Utility functions make budget generation and manipulation minimal effort.
- Users can establish scenarios on budget variations to model different criteria; copy of existing scenarios and data make modeling variations relatively simple.
- Users can choose when to establish budget changes based upon current AKPAY information transferred to ABS.
- New systems terminology has been established and accepted within the budget community.
- System stability has improved over time to where three or four patches or upgrades are required per year.
- Different levels of security allow users to control their budget creation and maintenance; protect roll-up submissions.
- Two-way interface to legislative budget system.
- System up-time extremely high.
- Technical architecture of PowerBuilder front-end, DB2 database, and client/server platform with thick-client is stable and has vendor viability.

D.9.1.2. Areas For Improvement

- Client/server architecture requires manual client synchronization to apply patches and upgrades – this has been managed acceptably to date.

- One-way interface from ABS to AKSAS.
- Program budget revisions done under delegated authority to agencies in AKSAS must be manually synchronized in ABS.
- Establishment of year-end Final Authorized and Actuals Report is a labor-intensive process.
 - Fund Sources in ABS and Revenue Accounts in AKSAS are in different structures.
 - Reimbursable Service Agreements (RSAs) are difficult to reconcile.
 - Multi-year appropriations have increased in use; however budgetary and accounting systems are not designed to handle them easily.
- Base information is duplicated between ABS and AKPAY with manual updates required:
 - Class codes.
 - Job titles.
 - Current salaries within position.
 - Location codes (used to determine pay differentials.)
- Legislative budget imports into ABS require significant manipulation because the systems maintain differing mandatory fields.
- No archiving features established for historic data; not a significant performance problem, however, it is noticeable on current platform; hardware is being updated.