

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



**Functional Analysis  
&  
Records Disposition Authority**

**Revision  
Presented to the  
State Records Commission  
April 27, 2016**

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# Functional and Organizational Analysis of the Department of Finance – Division of Accounting and Administration

## Sources of Information

- Representatives of the Department of Finance – Division of Accounting and Administration
- Code of Alabama 1975 § 41-4-4; § 41-4-32; § 41-4-37
- Department of Finance – Division of Accounting and Administration, Division Responsibility Report
- Functional and Organizational Analysis of the Department of Finance – Division of Accounting and Administration

## 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, with 22 accounting employees who were to centralize accounting functions, and to 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, a merit system official, 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 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 received); 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 or 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.

### **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.

### **Paper-based Systems**

Staff keep and file print copies of records pertaining to daily business.

## **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.

**I. 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 § 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 § 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.

**II. Permanent Records.** The Government Records Division recommends the following records as permanent.

### **Investing**

- **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. **(Bibliographic Title: Not Applicable) (Maintained by the Department of Finance – Division of Accounting and Administration)**

### **Administering Internal Operations**

- **Website and Social Media Sites.** The Division of Accounting and Administration has a website at <http://www.finance.alabama.gov/pages/accounting.aspx>. Information on the web includes information about the division. This shall also include any social media the Division interacts with.

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

**Investing**

1. Investment Files\*

**Administering Internal Operations**

1. Website and Social Media Sites

\*indicates records that the Department of Finance – Division of Accounting and Administration determined should be retained permanently and that ADAH anticipates will remain in the care and custody of the creating agency.

ADAH staff is available to work with agency staff in determining the best location and storage conditions for the long-term care and maintenance of permanent records.



## **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 § 41-13-5 and § 41-13-20 through 21. It was compiled by the Government Records Division, Alabama Department of Archives and History (ADAH), which serves as the commission's staff, in cooperation with representatives of the Department of Finance – Division of Accounting and Administration. The RDA lists records created and maintained by the 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 § 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 Records 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.

### **Budgeting**

#### **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**

### **Managing Finances**

**Purchase Order files with related documentation (POs, RQs, correspondence, payment sheets)**

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.

## **Accounting**

### **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.

**Financial Management and Reporting / Inventorying Property****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 after the end of the fiscal year in which the items were removed from inventory.

**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, Facilities and Resources**

### **SD1 Forms**

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

## **Receipts and Invoicing**

### **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.

## **Investing**

### **Managing the Agency**

#### **Memos and Correspondences**

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

### **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.

**Administering Internal Operations: Managing the Agency****Routine Correspondence and Memoranda**

Disposition: Temporary Record. Retain 1 year after audit.

**Administrative Reference Files**

Disposition: Temporary Record. Retain for useful life.

**Records Documenting Implementation of Approved RDA**

Disposition: Temporary Record. Retain 1 year after audit.

**Copy of RDA**

Disposition: Temporary Record. Retain 1 year after audit in which superseded.

**System Documentation**

Disposition: Temporary Record. Retain documentation of former system 1 year after new system is implemented, the former hardware and software no longer exists anywhere in the agency, and all permanent records have been migrated to a new system.

**Administering Internal Operations: Managing Finances****Records documenting budget requests, status of funds, and operation plans**

Disposition: Temporary Record. Retain 1 year after audit.

**Records documenting requisitioning, purchasing and invoicing of goods and services, and authorizing payments**

Disposition: Temporary Record. Retain 1 year after audit.

**Records of accounting transactions such as journals, registers, and ledgers; records of funds deposited inside/outside the state treasury**

Disposition: Temporary Record. Retain 1 year after audit.

**Contractual records established for the purpose of services or property**

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

**Agency Audit Reports**

Disposition: Temporary Record. Retain 3 years.

**Records documenting the bid process, including requests for proposals and unsuccessful responses**

Disposition: Temporary Record. Retain 7 years after the year in which the bids were opened.

**Administering Internal Operations: Managing Human Resources**

**Records documenting employee hours worked, leave earned and leave taken**

Disposition: Temporary Record. Retain 1 year after audit.

**Records documenting an employee's work history**

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

**Administering Internal Operations: Managing Properties, Facilities, and Resources**

**Inventory Lists**

Disposition: Temporary Record. Retain 1 year after compliance or financial audit by the Examiners of Public Accounts or an equivalent auditing firm or one year after the end of the fiscal year the audit covers, whichever is later (Code of Alabama 1975 § 36-16-8[1]).

**Letters of Transmittal**

Disposition: Temporary Record. Retain 1 year after audit.

**Agency Copies of Transfer of State Property**

Disposition: Temporary Record. Retain 1 year after audit.

**Receipts of Responsibility for Property**

Disposition: Temporary Record. Retain until return of item to property manager.

**Records documenting the use, maintenance, ownership, insurance, and disposition of equipment owned by the agency**

Disposition: Temporary Record. Retain 1 year after audit in which new equipment is implemented and the old equipment is removed from the property inventory.

**WEBSITE AND SOCIAL MEDIA SITES**

Disposition: PERMANENT RECORD.

*Note: ADAH staff captures and preserves the agency's website and other social media sites via a service offered by the Internet Archive [Archive It]. Check with ADAH website at [www.archiveit.org/organizations/62](http://www.archiveit.org/organizations/62) to ensure your agency website and social media site(s) are captured and preserved. If your agency's website and social media site(s) are not captured by the service, please contact the Government Services Division at 334-242-4452 to get them included.*



# **Requirement and Recommendations for Implementing the Records Disposition Authority (RDA)**

## **Requirement**

Under the Code of Alabama 1975 § 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, it is committed to funding any system upgrades and migration strategies necessary to ensure the records’ permanent preservation and accessibility.

Electronic mail contains 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 27, 2016.

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Steve Murray, Chairman  
State Records Commission

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Date

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

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Bill Newton  
Director, Finance Department

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Date

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Anna Williams  
Director, Accounting & Administration

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Date