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MEMORANDUM

TO: Fiscal Officers

FROM: Robert L. Childree
State Comptroller

SUBJECT: Update to *Fiscal Policy & Procedures Manual*

Attached hereto is an update to the State of Alabama's *Fiscal Policy & Procedures Manual*. This update to the manual is provided to keep current the rules and regulations put forth by the Department of Finance.

Please distribute this to those individuals in your agency who use the manual. If you have questions or comments, please contact Kathleen Baxter at (334) 242-4857.

RLC: mr

CHANGES/UPDATES TO THE FISCAL POLICY AND PROCEDURES MANUAL

CHAPTER 5 CONTRACTS SECTION 5-3 CLASSIFICATION OF CONTRACTS

Change

D. CONTRACTS FOR PERSONAL AND PROFESSIONAL SERVICES (page 5-3)

Contracts to secure the services of individuals possessing a high degree of professional skill include, but are not limited to, attorneys, physicians, teachers, artists, appraisers, engineers, court reporters, and other consultants (*Code of Alabama 1975*, §41-16-21, as amended). Detailed procedures for the review and approval of personal and professional services contracts are provided in the following sections.

CHAPTER 6 EXPENDITURES AND DISBURSEMENTS SECTION 6-5 PAYMENT TYPES

Change

B. PAYMENT FOR GOODS AND SERVICES PURCHASED WITHOUT A PURCHASE ORDER

2. Purchases from \$500.01 to and including \$7,499.99 (page 6-14)

Prior approval must be obtained from Purchasing to purchase goods or services from \$500.01 to \$7,499.99. The department must contact the Purchasing buyer responsible for purchases of the goods. Freight charges up to \$100 will be allowed for telephone authorizations from \$500.01 to \$7,399.99 provided the phone authorization states "plus freight". Freight charges for non-equipment contract purchases shall be included in the \$500 requirement. The buyer will provide approval in the form of a telephone authorization. An authorization form will be completed by the buyer indicating the quantity, description, and price of the goods to be purchased. Upon receipt of the goods and the vendor invoice, the department will prepare a voucher. The original telephone authorization must be attached to the voucher. Copies of telephone authorization may not be used. If multiple payment vouchers are required, a copy of the phone authorization referencing the original payment against the phone authorization and any subsequent payments may be used.

F. PAYMENT FOR REIMBURSEMENT OF TRAVEL EXPENSES

1. b. Reimbursement For Mileage Expenses (page 6-18)

Effective January 1, ~~2003~~ 2004, persons traveling on official business for the state or any of its departments, institutions, boards, bureaus, commissions, councils, committees, or other like agencies in privately owned vehicles shall receive ~~\$.36~~ \$.375 per mile in lieu of their actual expenses for transportation. Officers and employees of the state are entitled to mileage allowance from base station to destination and return or for miles actually traveled from home to destination and return, whichever is less.

2. OUT-OF-STATE TRAVEL AUTHORIZATION (page 6-22, second paragraph)

"Persons traveling in the service of the state or any of its departments, institutions, boards, bureaus, commissions, councils, committees or other like agencies...outside the State of Alabama shall be allowed all of their actual and necessary expenses, in addition to the actual expenses for transportation; provided that such travel shall have first been fully authorized in writing by the governor..." or other designated official as prescribed by law. The traveler must complete a Request for Out-of-State Travel (Form FRMS-5). If the traveler will be spending the night in another city in order to catch an 8 a.m. or earlier flight, the

traveler should include that night as his/her first night of out-of-state travel. This night should be on the authorization and the traveler will only be entitled to reimbursement of the itemized hotel receipt.

b. Mileage Expenses (page 6-22, second paragraph)

Effective January 1, ~~2003~~ 2004, the mileage reimbursement rate is ~~\$.36~~ \$.375 per mile.

e. Receipts Required (page 6-24)

Receipts will be required for the following expenditures, except where the disclosure of the identity of the traveler would be detrimental to the State's interest:

Commercial transportation (coach/tourist fare), vehicle rental (the State does not pay for rental insurance), and gasoline purchases.

H. ADVANCE TRAVEL/PREPAID TRAVEL

3. Processing the Initial Payment Voucher (page 6-29, second paragraph)

When processing a payment voucher for prepaid expenses (paid directly to a vendor), the expenditure object code relating to that expenditure should be used (i.e., conference registration should be 0900 16, etc.) A properly completed and signed form FRMS-4 is to be attached for each employee for whom prepaid expenses are being made.

CHAPTER 7 PAYROLL/PERSONNEL
SECTION 7-6 PAY TYPES

Change

A. LONGEVITY PAY (page 7-14)

In accordance with Code of Alabama 1975, 36-6-11 and ~~§ 36-21-3~~, as amended, all State of Alabama employees and law enforcement officers, whether merit system or not, are entitled to receive a lump sum payment for longevity if the employee has accumulated at least five years total eligible service time and is in active pay status as of **December 1** of the current calendar year. ~~The service time does not have to be continuous service but must be total service. If some work is part time and some full time, then all time worked must be accumulated to determine total service time.~~ Eligible service time includes time worked and paid by the State Comptroller, the Comptroller for the State Docks, or the Comptroller for the Department of Mental Health/Mental Retardation prior to August 25, 1990.

No temporary time worked, leave without pay (unless for Family Medical leave purposes or Military leave without pay) ~~or other breaks in service qualify as service time~~ or time worked as an independent contractor will be credited for eligible service time. ~~Employees on long leave without pay for family medical leave purposes are eligible for the longevity payment.~~

The amount of longevity payment is calculated as follows:

5 to 10 years	\$300.00
10 to 15 years	\$400.00
15 to 20 years	\$500.00
20 years to retirement	\$600.00

Generally, permanent part-time employees receive longevity pay based on the percentage of full-time hours worked. For example, if an employee works 40 hours a biweekly pay period or 50% of 80 hours and the employee has 6 years of service, then the employee is eligible to receive \$150.00 (\$300 X .5). One-Time Payment forms, for all part-time employees, must be completed and forwarded to the Payroll Section of the Comptroller's Office.

Federal tax is withheld at a flat rate of ~~28~~ 25 percent and state tax is withheld at a flat rate of 3 percent. If the employee's regular pay is subject to FICA and/or Medicare, the longevity pay is also subject to FICA and/or Medicare. Longevity pay is **not** subject to retirement.

Departments are responsible for determining who is eligible and the total service time allowed to each employee for the purpose of identifying the amount of longevity pay due to the employee.

SECTION 7-15 IRS FORMS W-2
C. REPORTABLE WAGES, TIPS, AND OTHER COMPENSATION

2. VALUE OF PERSONAL USE OF STATE OWNED/LEASED VEHICLES

Employees who drive a State owned or leased vehicle are assessed a charge of \$3 a day for each day the vehicle was used for commuting purposes. This information is reported to the Comptroller's Office on the Commuting Use of State Owned/Leased Vehicles Form (Exhibit 7-15-2 FRMS-16). The assessment period covers the period of November 1st through October 31st of the reportable year. Control employees (i.e., elected officials or employees whose compensation equals or exceeds \$125,400 annually in 2003) must use one of the following options. The first option is the annual lease value rule and the second option is the vehicle cents-per-mile valuation rule (36 cents per mile in 2003, 37.5 cents per mile in 2004). For more information on Control employees reporting requirements, please contact the Payroll Section of the Comptroller's Office. The calculated amount of this fringe benefit is reportable for W-2 purposes as Federal taxable wages, State taxable wages, and FICA/Medicare covered wages. The amount is reflected in box 14 on the W-2 under the heading of "CAR USAGE." This amount is shown on the form W-2 for information purposes only. The amount has been used in the calculation of Box 1.

5. MILEAGE EXPENSE REIMBURSEMENT

The State of Alabama's ~~current~~ mileage rate is 36 cents per mile for 2003 and 37.5 cents per mile for 2004. Since the amount is equal to the Federal standard mileage rate, the amount of compensation for mileage reimbursement is not reportable for W-2 purposes.