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November 6, 2018

MEMORANDUM

TO: Department Directors
Chief Fiscal Officers

FROM: Kathleen D. Baxter
State Comptroller

Handwritten signature of Kathleen D. Baxter.

SUBJECT: Update to *Fiscal Policy and Procedures Manual*

Submitted herein is updated information related to the State of Alabama's Fiscal Policy and Procedures Manual. This is an update in content to *Section 5-2 F Emergency Contracts*, *Section 6-5 E Payment of Interfund Purchases* and *Section 6-5 F Payment for Reimbursement of Travel Expenses*.

Please distribute this information to those individuals in your agency who use the manual. This information is also available at <http://comptroller.alabama.gov/fiscal-policy-procedures/>. If you have questions or comments, please contact Lindsay Bryant at lindsay.bryant@comptroller.alabama.gov.

CHANGES/UPDATES TO THE FISCAL POLICY AND PROCEDURES MANUAL

CHAPTER 5 CONTRACTS

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5-2 STATUTORY/APPROVAL REQUIREMENTS

A. DISCLOSURE STATEMENT

A Disclosure Statement is required to be filed with all proposals, bids, contracts or grant proposals to the State of Alabama in excess of \$5,000.00. In circumstances where a contract is awarded by competitive bid, the Disclosure Statement is required only from the successful bidder and must be submitted within ten days after award (Code of Alabama 1975, §41-16-80 through 88, as amended).

B. REVIEW BY THE LEGISLATIVE CONTRACT REVIEW OVERSIGHT COMMITTEE

All contracts for personal and professional services, \$1,500 and greater, must be reviewed by the Oversight Committee within a reasonable time not to exceed 45 days after it has been submitted by the department (*Code of Alabama 1975, §29-2-41, as amended*). Additional information concerning this review can be found in section 5-4C.

C. GOVERNOR'S APPROVAL OF ALL CONTRACTS

All contracts for personal or professional services with private entities or individuals must be approved in writing by the Governor. ~~(Governor's Executive Order 24, August 28, 1957).~~

D. ASSIGNMENT OF CONTRACTS

A professional service contract cannot be assigned to a third party. If a different contractor is required, the original contract must be canceled and a new contract must be initiated.

E. CONTRACTS/INTERAGENCY SERVICE AGREEMENTS BETWEEN GOVERNMENTAL ENTITIES

Contracts/Interagency Service Agreements between governmental entities must be entered into STAARS.

F. EMERGENCY CONTRACTS

~~An emergency contract for personal or professional services shall be let for a period of not more than 60 days (*Code of Alabama 1975, §29-2-41.1, as amended*). An emergency agreement must be entered in STAARS. See section 5-4C for additional instructions.~~

1. Background/Law

If an agency faces an emergency situation affecting public health, safety, convenience, or the economic welfare of the state, a professional services contract may be let with a qualified professional service provider without complying with the competitive requirements of Alabama Code Section 41-16-72.

Emergencies affecting public health or safety may be let for the time period necessary to alleviate the emergency situation and are exempt from review by the Legislative Contract Review Oversight Committee ("LCROC"). See Ala. Code Section 29-2-41.1 and 41-16-72(6).

A contract involving an emergency affecting the economic welfare of the state may be let for a period of not more than 60 days without the need for review by the LCROC. If the contract must exceed 60 days to alleviate the emergency, the contract is subject to LCROC review.

Contracts let to address emergencies affecting "convenience," as the term is used in Ala. Code Section 41-16-72(6), may be let for the time period necessary to alleviate the emergency situation, but must be reviewed by LCROC, regardless of the duration of such contracts.

2. Procedures

If an agency faces an emergency affecting public health, safety, convenience, or the economic welfare of the state, the agency head must declare the emergency, in writing under oath, and provide a copy of the emergency declaration to the Governor and Attorney General. It is imperative that the emergency declaration pinpoint the basis of the emergency, i.e. public health, safety, convenience, or economic welfare, and provide facts with sufficient specificity to justify the need for an emergency contract. The emergency declaration is not a contract; it is a declaration of an emergency and recitation of facts justifying the need to let a contract without competition. Following the declaration, a contract must be let with a qualified professional services provider and it must contain all required information set forth in section 5-4B below. Finally, the emergency contract will be forwarded to LCROC, if required as outlined above, and to the Governor for approval.

The duration of an emergency contract shall not exceed the time necessary to alleviate the emergency situation. In other words, the duration must be reasonably calculated to alleviate the emergency. The Governor will not approve, and the Comptroller will not pay, contracts that do not meet this requirement. If approved by the Governor, the Comptroller will generally honor payment for a period of one year from the date of the emergency declaration.

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5-4 PERSONAL AND PROFESSIONAL SERVICES CONTRACTS

C. THE LEGISLATIVE CONTRACT REVIEW OVERSIGHT COMMITTEE

After all required signatures have been obtained; the original and 2 copies must be forwarded to the Legislative Contract Review Committee. All contracts for personal or professional services with private entities or individuals must be reviewed by the Committee (*Code of Alabama 1975*, §29-2-41, as amended) **except**:

1. Contracts for insurance
2. Contracts let by competitive bid
3. Contracts entered into by public corporations and authorities
4. Contracts for a total amount of less than \$1,500, including compensation and reimbursement of expenses.
5. Certain emergency contracts as outlined in Section 5-2F above.

~~In case of an emergency adversely affecting public health, safety, security, or the economic welfare of the state, so declared in writing to the governor by the head of the institution or agency involved, setting forth the nature of the danger to public health, safety, security or the economic welfare of the state, contracts may be let to the extent necessary to meet the emergency without review by the committee. Any contract let pursuant to this section involving an emergency adversely affecting the economic welfare of the state shall be let for a period of **not more than 60 days** during which time the committee shall review a contract for a longer period of time if such services are required beyond the 60-day limit hereby imposed (*Code of Alabama 1975, §29-2-41.1, as amended*).~~

The Committee must review and comment on a contract or a letter of intent to contract within a reasonable time not to exceed 45 days after it has been submitted to the Committee. If the Committee fails to review and comment on any contract or letter of intent to contract within this time frame, the contract will be deemed to have been reviewed. Any contract made by the state or any of its agencies, which has not been submitted for review by the Contract Review Committee will be voided. If a department elects to submit a letter of intent to contract instead of a proposed contract, the department must submit a copy of the actual contract to the Committee once the contract has been executed. The Contract Review Committee meets the first Thursday of each month. All contracts to be reviewed must be accompanied by the [Contract Review Report Form](#) or [Legal Services Contract Review Report Form](#) . All contracts to be reviewed must be received no later than 10 days prior to the Thursday meeting date to be placed on the agenda. The Committee requires at least one original contract and two copies. The Governor's Office does not submit contracts to the Committee.

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CHAPTER 6 EXPENDITURES AND DISBURSEMENTS

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6-5 PAYMENT TYPES

E. PAYMENT OF INTERFUND PURCHASES

When a department purchases goods or services from another state agency, the state agency providing the goods or services invoices the department that benefited from those goods or services. The invoice is keyed in as an ITI document by the seller agency, in order for the buying agency to create the ITA document. The ITA will reference the ITI Document Number, which should also be the invoice number on the support. This control is in place to prevent duplicate payments in STAARS. The Purchasing approval is not required for purchases made from another state agency. Professional Services are required, however, to be on the database with Fiscal Management. Each agency that provides goods or services is assigned an **AGCY** vendor number in the vendor/customer file. The AGCY number must be used for all interfund payments and receivables for state agencies.

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6-5 PAYMENT TYPES

F. PAYMENT FOR REIMBURSEMENT OF TRAVEL EXPENSES

2. TRAVEL QUALIFYING FOR ACTUAL AND NECESSARY EXPENSE REIMBURSEMENT – IN-STATE AND OUT-OF-STATE

d. Travel Expenses for In-State Actual and Out-of-State

Individuals traveling out-of-state in service of the state or in-state to attend or assist hosting a national, regional, or state conference will utilize the ~~out-of-state travel~~ travel request website (oos.alabama.gov) to submit reimbursement requests. Requests for reimbursement should include all required forms, receipts, itineraries and other required documentation. The electronic request and reimbursement forms can be accessed at oos.alabama.gov. These forms, receipts, itinerary and any other attachments to the payment request should be audited by the employee's department before submission to the Comptroller's Office. Agency heads will utilize the website to review and approve travel requests and provide any required certifications.

Meals and Incidental Expenses. Individuals traveling under this section will receive a daily per diem for meals and incidental expenses (M&IE) based upon the location (city) of duty in an amount that corresponds with the U.S. General Services Administration M&IE per diem rates for the continental United States ("CONUS"). Current per diem rates can be found at <https://www.gsa.gov/travel/plan-book/per-diem-rates>. Per diem is a flat-rate allowance intended to cover costs for meals and incidental expenses. A traveler will not be required to submit receipts for these items, nor will they be allowed to claim any extra expense related to them. A traveler will receive per diem, as outlined above, regardless of actual expenses.

Incidental expenses include tips and service charges related to lodging and baggage, ~~and transportation~~.

On travel days, the traveler will be entitled to per diem for M&IE at a rate of seventy-five percent (75%) the daily rate. For all other days for which the individual is traveling, full per diem for M&IE will be paid. M&IE will not be paid for personal days.

Travel-related expenses other than meals and incidental expenses require a receipt for reimbursement of actual expenses.

Day trips in and out of state qualify for 75% of CONUS if the trip is more than 12 hours. If the trip is from 6 to 12 hours, it is allowable to claim instate per diem. Trips less than 6 hours do not qualify for reimbursement.

International travel will be reimbursed as actual expenses with receipts but will be limited by the highest US CONUS rate. This rate can be found on the GSA M&IE Breakdown site and is subject to change each year.

Departure and Return. An individual traveling under this section will be allowed to depart home base one day before the event for which the individual is traveling begins and return to home base one day after the event concludes, regardless of the event start time or end time if it is determined by the agency head to be necessary. Agency heads are expected to exercise good judgment and sound fiscal policy when approving travel departure and return dates. The Comptroller's office may require written justification in cases where departure and return dates appear excessive.

Social Events & Activities. Individuals traveling under this section will be allowed to participate in social events or activities that are part of the event for which the individual is traveling (i.e. a conference sightseeing activity) so long as the cost of the social event or activity is included in the overall cost of the conference (i.e. registration fee). The State will not pay additional fees for a traveler to attend such events. Additionally, if the social event or activity requires additional time away from home base that would not occur but for the social event or activity, the travel pre-approval must include written justification from the agency head.

Baggage. For travel under this section, the state will reimburse baggage fees charged by commercial carriers based upon the duration of travel. For trips that last two nights/three days, the state will reimburse a traveler the actual cost for one checked bag. For trips that last three nights/four days to six nights/seven days, the state will reimburse a traveler the actual cost for two checked bags. For trips that last longer than seven days, the state will reimburse a traveler the actual cost for two checked bags plus the actual cost of laundry service.

A traveler will be required to submit receipts for the cost of checked baggage and laundry service, if applicable, to be reimbursed.

If a traveler is entitled to reimbursement for two checked bags (i.e. if a trip lasts three nights/four days or longer), but instead chooses to check one overweight bag, the state will reimburse the actual cost of the overweight fee provided that it does not exceed the cost of checking a second bag. Receipts for the cost of overweight baggage are required for reimbursement.

Tips for skycaps or baggage handlers are included in per diem for M&IE and will not be reimbursed as a travel-related expense.

Transportation. The traveler is responsible for selecting the mode of transportation, preferably the least costly to the State, and obtaining approval from agency head. The traveler is entitled to reimbursement for actual and necessary expenses incurred based on the authorized mode of transportation. Below are policies and procedures regarding transportation. If a travel scenario exists that is not specifically addressed in the following policies and procedures, agency heads will use discretion in deciding whether to approve a mode of transportation considering the best interest of the state and sound fiscal judgment.

For short distance travel (i.e. less than 8 hours travel time via vehicle), the order of preference for mode of transportation is 1) an agency-owned vehicle; 2) state motor pool vehicle; and 3) the traveler's personal vehicle. Commercial airfare may be utilized for long distance trips. Personal vehicles may be utilized for long distance trips only if the mileage cost for the trip is less than the cost of a round-trip commercial airline ticket or motor pool costs to the travel destination.

An agency head may pre-approve up to \$150 for a traveler to utilize local transit such as taxi or subway service while at the travel location. A traveler must submit receipts for local transit in order to qualify for reimbursement. A traveler who spends more than \$150 on local transportation may be reimbursed for actual expenses in excess of \$150 by providing receipts and additional written justification for the local transit in excess of the pre-approved amount.

If a traveler has an agency-owned vehicle, a motor pool vehicle, or a personal vehicle at the travel site, the traveler may still be authorized by the agency head to utilize local transit during the travel provided that the use of local transit is work-related, reasonable and not excessive. For example, going to dinner while in travel status or to an off-site conference-sponsored event will qualify for reimbursement; going to

a nightclub, bar, or sightseeing will not qualify for reimbursement. In cases that qualify for reimbursement, a traveler will be expected to provide an explanation for the expenditure, provide receipts, and will be reimbursed for actual expenses incurred. This is intended to provide flexibility to travelers who are working in a location where driving or parking is particularly difficult or onerous.

The State will reimburse reasonable parking fees. An agency head should only authorize self-parking unless valet parking is 1) the only option available; or 2) no more costly than self-parking; 3) medical, safety or other reasons justify paying for alternative parking options. If other than self-parking is authorized, the reimbursement should contain an explanation and justification for incurring a greater expense for parking.

~~Tips related to transportation (shuttle, UBER, taxi) are included in per diem for M&IE and will not be reimbursed as a travel-related expense.~~

Mileage Expenses. Reimbursement for mileage expenses for persons traveling in privately owned vehicles is covered by Code of Alabama § 36-7-22, as amended. Effective January 1, 2018, the mileage reimbursement rate is \$.545 per mile. The approved electronic map with mileage calculation must be attached. Mileage reimbursement must be approved by the agency head on the Request for Out of State Travel. Employees who are authorized to travel in either a State or privately-owned vehicle shall be reimbursed for the amount of parking paid while on travel status. Attorney General's Opinion issued September 8, 1952.

Mileage is to be reported in whole miles. The total number of miles is to be calculated and then multiplied by the current mileage rate for the entire travel statement.

Lodging. A traveler should stay at the hotel that is hosting the conference or event for which travel occurred and obtain the government or conference lodging rate. A traveler may choose a less-expensive hotel provided that the choice of hotel will not substantially increase transportation costs. Incurring lodging costs that exceed the conference or government rate must be justified in writing and approved by the agency head prior to travel.

Tips for bellhop and maid services are included in per diem for M&IE and will not be reimbursed as a travel-related expense.

Annual Leave or Personal Time Before or After an Official Travel Event. Individuals traveling under this section may desire to take annual leave or personal time before or after official travel. In such cases, the State will reimburse a traveler for costs incurred as if the personal time were not included. For example, a traveler attends a conference in service of the state in Scottsdale, Arizona. The conference begins on Monday and concludes on Friday. The traveler desires to spend the weekend sightseeing in Scottsdale and returns to Montgomery on Sunday. The State will reimburse the traveler the lesser of 1) actual costs of airfare; or 2) for the cost of a round-trip airline ticket as if the traveler departed on Sunday before the conference and returned to Montgomery on Saturday following the conference. The traveler will not be entitled to reimbursement for any expenses incurred following the official travel day. In the hypothetical involving travel to Scottsdale, the traveler would be entitled to reimbursement for lodging costs on Friday night, and partial per diem for Saturday (the official return travel day), but no other expenses would be reimbursed.

Receipts Required. 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 (economy fare), vehicle rental (the State does not pay for rental insurance), and gasoline purchases.

Motel / hotel lodging (single rate only).

Registration fees with itemized breakdown.

Operating expenses of state-owned vehicles, such as gasoline, oil, and emergency repairs. Repairs must be itemized and conform to Purchasing requirements (Section 6-5, B).

Travel related fees such as parking, toll and/or taxi fees and miscellaneous expenses. Receipts must be itemized. Taxi fees should be shared whenever possible during an event. Miscellaneous expenses must conform to Purchasing requirements (Section 6-5, B).

Completing and Assembling the Payment Request. The Comptroller's Office requires that the hour of departure from and the hour of return to base be shown on the itemized travel form for audit purposes. The approved travel request, pre-authorization, and any required receipts should be attached to requests for reimbursement. If the official travel is attendance at a conference or other planned event, attach a copy of the itinerary. All pre-approval travel requests should be submitted via oos.alabama.gov and reimbursement requests should utilize the form generated by OOS.