

ARKANSAS WATERWAYS COMMISSION

Enabling Laws

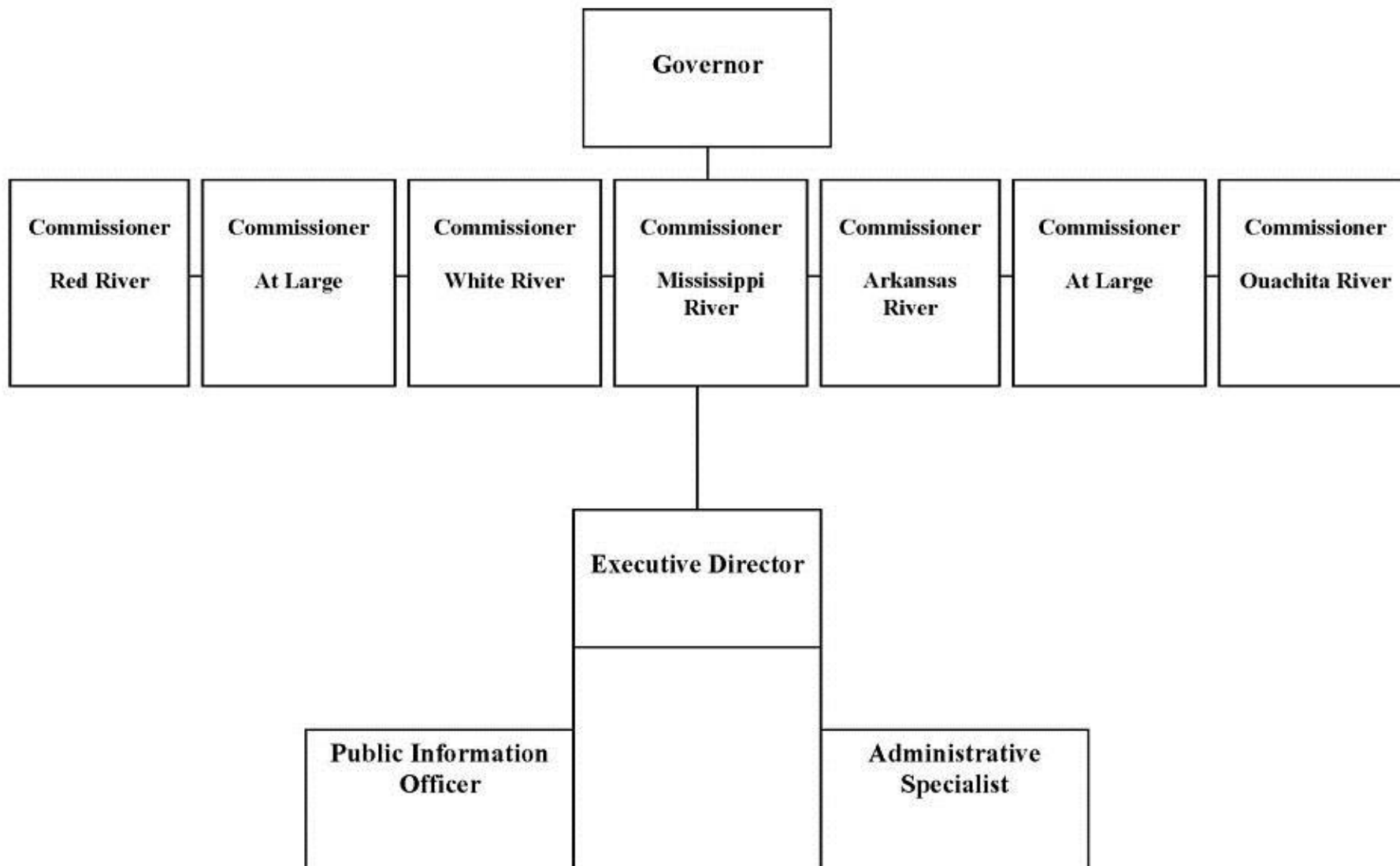
Act 181 of 2014

A.C.A. §15-23-201 et seq.

A.C.A. §15-23-901 et seq.

History and Organization

The Arkansas Waterways Commission supports the development of the navigable waterways of Arkansas. The seven member, Governor-appointed Commission was created by Act 242 of 1967. The Commission, which is funded by general revenues, is supported by a three person staff and offers services and advice to the water transportation industry by means of correspondence, participation in seminars, serving on advisory committees and boards, and providing research on specialty subjects. The Commission also supports the efforts of the Red River Valley, Arkansas Basin Development and White River Valley Associations through its State's Contributions line item.



Agency Commentary

The Arkansas Waterways Commission is the sole state agency responsible for developing, promoting and protecting for waterborne transportation and economic development of the five commercially navigable rivers of the state: The Arkansas, Mississippi, Ouachita, Red, and White Rivers. These natural resources are under-developed and consequently, under-used, especially in comparison to the investments made by other states with which we share waterways and with which we compete for economic development. Opportunities lost for lack of funding include local economic development, transportation savings, international trade, and potential loss of federal construction and maintenance funding of navigable waterways. Competition for federal maintenance and construction funds is intense, putting at risk our rivers' annual \$800 million dollar contribution to the economy of Arkansas.

Two needs are within the state's ability to correct: 1) port infrastructure, and 2) marketing of existing resources. The infrastructure needs are addressed in Act 1546, the Arkansas Port Priorities Development Program of 2001, which has never been funded. The marketing efforts are included in the operating and maintenance budget of the Waterways Commission. Marketing successes will be measured by port development and waterways utilization brought about through shipper awareness of capabilities, direct marketing to target industries, education of government leaders at local, state and federal levels, and education of general public.

The agency requests an increase of \$6,600 each year of the biennium. This includes an increase in Operating Expenses of \$5,200, Conference & Travel Expenses of \$500, and State's Contributions line item of \$900.

Operating Expenses increase of \$5,200 includes \$3,100 of travel related expenses for the Executive Director attendance at the National Waterways Conferences, the Mississippi Valley Flood Control Association annual conference, and travel to Washington, D.C. for meetings with the Congressional Delegation and the Corps of Engineers regarding the Three Rivers Study. An increase of \$2,100 is for annual website maintenance.

Conference & Travel Expenses of \$500 is for office staff training in new technologies to become more diverse in communication and updated guidelines and standards.

State's Contributions increase of \$900 is due to an increase in membership dues to the five (5) waterways associations, the Lower Mississippi Valley Flood Control, Ouachita River Valley, Red River Valley, Arkansas Basin, and White River Valley.

The agency requests a position reclassification of the Administrative Specialist III Grade C112 to Business Operations Specialist Grade C116 based upon an OPM job audit.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS WATERWAYS COMMISSION
FOR THE YEAR ENDED JUNE 30, 2012

Findings

Ark. Code Ann. § 19-4-1103 states, "It shall be the responsibility of each executive head of a state agency to establish adequate internal administrative procedures and controls to ensure prompt and accurate payment of obligations." A sample of 27 maintenance and operation expenditures revealed the following:

- Twenty-one disbursements totaling \$7,690 lacked disbursing officer approval.
- Two disbursements totaling \$105 lacked adequate supporting documentation.

The Commission's lack of adherence to state laws and regulations could create the opportunity for misappropriation of state assets.

Financial Management Guide regulation R1-19-4-903 establishes criteria for reimbursement of travel expenses for state employees and officials. A review of travel expenditures noted the following deficiencies:

- Nine disbursements totaling \$3,583 lacked adequate supporting documentation.
- Twenty-four disbursements totaling \$6,821 lacked approval by the disbursing officer.
- Three reimbursements for lodging exceeded the allowable rate without proper authorization, resulting in overpayments of \$129.
- Six reimbursements for mileage that exceeded map mileage resulted in overpayments of \$74.
- Five TR-1 forms totaling \$675 lacked the signature of the traveler.

The Commission's lack of adherence to travel laws and regulations could lead to misappropriation of state assets and reduction in services to citizens.

Recommendations

Adhere to state laws and regulations related to the disbursement of state funds.

Agency Response:

This finding was delivered with the FY2012 audit, and as I [Executive Director Gene Higginbotham] joined the Commission as Executive Director in June 2012, I immediately developed and implemented new policies effective September 2012. We continue to fine-tune these changes. Also, I continue to place emphasis on professional development for staff and myself. LaWanda Campbell, Administrative Specialist, attended several seminars/trainings to better familiarize herself with state laws related to disbursements. Additionally, we will continue to work with Legislative Audit to develop a system that will ensure that disbursements are adequately documented.

Adhere to travel regulations.

Agency Response:

We have made several changes to our travel policy since I have taken the position of Executive Director in June 2012.

1. We mailed a copy of the State's Travel Policy to each of our Commissioners and asked that they review it and become familiar with the policy.
2. Our office now handles the booking of all travel for each Commissioner. This allows us to seek the State Government rate when booking hotels and provide proper authorization when a State Government rate is not available. In the event that a State Government rate is not available, the Executive Director will document and approve an expenditure exceeding government rates.
3. The Commission has standardized its Map Mileage Policy using MAPQUEST to ensure that map mileage is not exceeded in the future.
4. Before a Commissioner attends a conference, we will send a memo to the traveling Commissioner outlining State Travel limits.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	1	1	2	67 %
Black Employees	0	1	1	33 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	33 %
Total Employees			3	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Biennial Report	A.C.A §15-23-204	Y	Y	10	To inform state elected officials, colleagues and other interested parties on activities, goals and accomplishments of the Arkansas Waterways Commission. The Commission will also make the report available in PDF format on its website waterways.arkansas.gov .	17	50.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
085 Arkansas Waterways Commission	253,492	3	253,530	3	253,558	3	255,836	3	262,436	3	255,836	3	255,836	3	262,436	3	255,836	3
M63 Waterway Development Grants	0	0	210,000	0	210,000	0	210,000	0	210,000	0	210,000	0	210,000	0	210,000	0	210,000	0
Total	253,492	3	463,530	3	463,558	3	465,836	3	472,436	3	465,836	3	465,836	3	472,436	3	465,836	3

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue 4000010	253,492	100.0	253,530	54.7			255,836	54.9	262,436	55.5	255,836	54.9	255,836	54.9	262,436	55.5	255,836	54.9
Ad Valorem Tax 4000060	0	0.0	210,000	45.3			210,000	45.1	210,000	44.5	210,000	45.1	210,000	45.1	210,000	44.5	210,000	45.1
Total Funds	253,492	100.0	463,530	100.0			465,836	100.0	472,436	100.0	465,836	100.0	465,836	100.0	472,436	100.0	465,836	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
Grand Total	253,492		463,530				465,836		472,436		465,836		465,836		472,436		465,836	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
2	3	0	3	-1	-50.00 %	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %

Total Budgeted positions in FY13 exceed Authorized amount due to positions authorized from the Central Growth Pool.

Analysis of Budget Request

Appropriation: 085 - Arkansas Waterways Commission

Funding Sources: HUA - Miscellaneous Agencies Fund

The Arkansas Waterways Commission supports the development of the navigable waterways of Arkansas. The seven (7) member, Governor-appointed Commission was created by Act 242 of 1967. The Commission, which is funded by general revenues, is supported by a three (3) member staff and offers services and advice to the water transportation industry by means of correspondence, participation in seminars, serving on advisory committee and boards, and providing research on specialty subjects. The Commission also supports the efforts of the Red River Valley, Arkansas Basin and White River Valley Associations through the State's Contributions line item.

This appropriation is funded by General Revenue.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency's Change Level request of \$6,600 each year reflects the following:

- Operating Expenses of \$5,200, \$3,100 is for the Executive Director's travel related expenses to the National Waterways Conferences, the Mississippi Valley Flood Control Association annual conference, and to Washington, D.C. for meetings with the Congressional Delegation and the Corps of Engineers regarding the Three Rivers Study; and \$2,100 for annual website maintenance.
- Conference & Travel Expenses of \$500 for office staff training in new technologies to become more diverse in communications and updated guidelines and standards.
- State's Contributions line item of \$900 due to an increase in membership to the five (5) waterways associations, the Lower Mississippi Valley Flood Control, the Ouachita River Valley, the Red River Valley, the Arkansas Basin, and the White River Valley.
- Position reclassification for the Administrative Specialist III Grade C112 to a Business Operations Specialist Grade C116 position based upon an OPM job audit.

The Executive Recommendation provides for Base Level with the position reclassification.

Appropriation Summary

Appropriation: 085 - Arkansas Waterways Commission

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	158,428	154,774	155,373	156,289	156,289	156,289	156,289	156,289	156,289
#Positions		3	3	3	3	3	3	3	3	3
Personal Services Matching	5010003	50,316	49,126	48,555	49,917	49,917	49,917	49,917	49,917	49,917
Operating Expenses	5020002	39,383	43,879	43,879	43,879	49,079	43,879	43,879	49,079	43,879
Conference & Travel Expenses	5050009	3,136	3,151	3,151	3,151	3,651	3,151	3,151	3,651	3,151
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
State's Contributions	5900021	2,229	2,600	2,600	2,600	3,500	2,600	2,600	3,500	2,600
Total		253,492	253,530	253,558	255,836	262,436	255,836	255,836	262,436	255,836
Funding Sources										
General Revenue	4000010	253,492	253,530		255,836	262,436	255,836	255,836	262,436	255,836
Total Funding		253,492	253,530		255,836	262,436	255,836	255,836	262,436	255,836
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		253,492	253,530		255,836	262,436	255,836	255,836	262,436	255,836

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 085 - Arkansas Waterways Commission
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	255,836	3	255,836	100.0	255,836	3	255,836	100.0
C01	Existing Program	4,500	0	260,336	101.8	4,500	0	260,336	101.8
C08	Technology	2,100	0	262,436	102.6	2,100	0	262,436	102.6
C10	Reclass	0	0	262,436	102.6	0	0	262,436	102.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	255,836	3	255,836	100.0	255,836	3	255,836	100.0
C01	Existing Program	0	0	255,836	100.0	0	0	255,836	100.0
C08	Technology	0	0	255,836	100.0	0	0	255,836	100.0
C10	Reclass	0	0	255,836	100.0	0	0	255,836	100.0

Justification

C01	The agency requests an increase of \$3,100 for Operating Expenses, \$500 for Conference & Travel, and \$900 for the State's Contributions line item. Operating Expenses increase of \$3,100 is for travel related expenses for the Executive Director attendance at the National Waterways Conferences, attendance at the Mississippi Valley Flood Control Association annual conference, and travel to Washington, D.C. for meetings with Congressional Delegation and Corps of Engineers regarding the Three Rivers Study. The Commission has enhanced its awareness of navigable rivers in the state and requests a \$500 increase in Conference and Travel for office staff training in new technologies to become more diverse in communication and updated guidelines and standards. The State's Contribution \$900 increase is due to increase in membership to the five (5) waterways associations, the Lower Mississippi Valley Flood Control, the Ouachita River Valley, Red River Valley, Arkansas Basin, and White River Valley.
C08	The agency requests an increase of \$2,100 for annual website maintenance. This can be found on the agency's state IT plan support cost page under Contracted Services.
C10	The agency requests a reclassification of the Administrative Specialist III Grade C112 position to a Business Operations Specialist Grade C116 position based upon an OPM job audit.

Analysis of Budget Request

Appropriation: M63 - Waterway Development Grants

Funding Sources: MPW - Ad Valorem Tax Fund

Through the Arkansas Port, Intermodal, and Waterway Development Grant Program, the Arkansas Waterways Commission can provide financial assistance to port authorities and intermodal authorities for port development projects. These projects include without limitation, construction, improvement, facility rehabilitation, expansion of a public port facility, and a maritime-related industrial park infrastructure development.

Taxes and penalties collected from water transportation companies under §26-26-1614 in excess of two million five hundred thousand dollars (\$2,500,000) provides funding for the grant program.

The Agency requests Base Level appropriation for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M63 - Waterway Development Grants

Funding Sources: MPW - Ad Valorem Tax Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000
Total	0	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000
Funding Sources									
Ad Valorem Tax 4000060	0	210,000		210,000	210,000	210,000	210,000	210,000	210,000
Total Funding	0	210,000		210,000	210,000	210,000	210,000	210,000	210,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	210,000		210,000	210,000	210,000	210,000	210,000	210,000