

**ALASKA STATE LEGISLATURE**  
**JOINT COMMITTEE ON LEGISLATIVE BUDGET AND AUDIT**  
February 28, 2001  
12:50 p.m.

**MEMBERS PRESENT**

Senator Gene Therriault, Chair  
Senator Randy Phillips  
Senator Jerry Ward  
Senator Dave Donley  
Senator Gary Wilken, alternate

Representative Hugh Fate, Vice Chair  
Representative Eldon Mulder  
Representative Ken Lancaster  
Representative Reggie Joule

**MEMBERS ABSENT**

Senator Lyman Hoffman  
  
Representative John Harris  
Representative William Williams, alternate  
Representative John Davies, alternate

**COMMITTEE CALENDAR**

Approval of Minutes  
Executive Session  
Audit Reports  
Other Committee Business

**WITNESS REGISTER**

PAT DAVIDSON, Legislative Auditor  
Division of Legislative Audit  
333 Willoughby Avenue  
Post Office Box 113300  
Juneau, Alaska 99811-3300

POSITION STATEMENT: Spoke on behalf of the Division of  
Legislative Audit.

ELMER LINDSTROM, Special Assistant

Office of the Commissioner  
Department of Health & Social Services  
Post Office Box 110601  
Juneau, Alaska 99811-0601

POSITION STATEMENT: Presented proposed legislation by the  
Department of Health & Social Services.

**ACTION NARRATIVE**

TAPE 01-02, SIDE A  
Number 001

CHAIR THERRIAULT called the Joint Committee on the Legislative Budget and Audit meeting to order at 12:50 p.m. Present at the call to order were Senators Ward, Wilken, Therriault, and Representatives Joule, Lancaster, Mulder and Fate. Senators Donley and Phillips arrived after the call to order.

CHAIR THERRIAULT stated that there would be a short itinerary for today's meeting. He apologized for the late start of the meeting.

**APPROVAL OF MINUTES**

CHAIR THERRIAULT indicated the first order of business would be the approval of minutes from the Legislative Budget and Audit meeting held on January 24, 2001.

Number 0116

VICE CHAIR FATE made a motion to approve the minutes from the January 24, 2001 meeting.

CHAIR THERRIAULT asked whether there were any objections. There being none, the minutes from the January 24, 2001 meeting were approved as read.

**EXECUTIVE SESSION**

Number 0139

VICE CHAIR FATE made a motion to move to executive session for the purpose of discussing confidential audit reports under Alaska Statute 24.23.01. There being no objection, the committee went into executive session at 12:52 p.m.

CHAIR THERRIAULT made a motion to move back into regular session. There being no objection, the committee reconvened regular session at approximately 1:04 p.m.

#### **AUDIT REPORTS**

Number 0200

VICE CHAIR FATE made a motion to release the following preliminary audits to the agencies for response: Department of Education and Early Development, Alaska Commission on Post Secondary Education, ACPE/WWAMI; Department of Community and Economic Development/Grants to Deltana Community Corporation; and Department of Public Safety/Batterer Intervention Programs. There being no objection, those preliminary audits were released to the departments for review.

Number 0224

VICE CHAIR FATE made a motion to release the following final audit report to the public: Department of Corrections, Board of Parole Sunset Review. There being no objection, this audit was released to the public.

CHAIR THERRIAULT mentioned that the Senate Judiciary Standing Committee would probably be taking up that audit extension soon.

#### **OTHER COMMITTEE BUSINESS**

CHAIR THERRIAULT commented that there was concern regarding informal memos that some committee members received from the auditor when they requested information and it fell short of requiring a formalized audit.

Number 0271

PAT DAVIDSON, Legislative Auditor, Alaska Division of Legislative Audit, explained that the Division of Legislative Audit has instituted a standard introduction in memorandums. This introduction identifies that this [request of information] is a result of a limited review. There will be a specific statement that states it is not an audit. She said that a copy of the memorandum would be sent to the requestor, chair of the Joint Committee on Legislative Budget and Audit, and the relevant agency. The memorandum also states that the agency should consider responding directly to the requestor. She

mentioned that she receives a lot of information requests, of which many relate only to information from the accounting system. The above procedures would only pertain to those requests that contain an evaluation component.

CHAIR THERRIAULT requested that committee members who receive memos be more sensitive in the audit process. He said "we don't want to drag our auditors into headlines in the paper if an audit hasn't been done." There is a formalized process in which the agency gets to respond. He said he did not want to discourage these quick responses because they are useful. He went on to say, "It's not portrayed as an audit because its not."

CHAIR THERRIAULT indicated the next item of business pertained to the Division of Legislative Audit's existing operating budget. The division would like to use additional money to purchase computer equipment.

Number 0405

MS. DAVIDSON confirmed this statement. Legislative procurement requires committee approval for any expenditure over \$25,000. The division is interested in replacing 26 computer workstations, with a total cost of under \$40,000. The existing budget contains funds for this expenditure. The division has looked into replacing the computers by streaming them in. However, the division has a "good contract award" with Compaq for a bulk purchase. She asked the Joint Committee on Legislative Budget and Audit's support for this request.

CHAIR THERRIAULT stated that since the expenditure is in excess of \$25,000, committee approval is required. This would give the division authorization to sign off on the appropriation. He asked if there was any objection to this request.

VICE CHAIR FATE made a motion [to approve the Division of Legislative Audit to purchase computer equipment for an amount not to exceed \$39,300].

SENATOR WILKEN asked Ms. Davidson for a list of vendors who were contacted and their respected bids.

MS. DAVIDSON said this information is mostly from an on-line search, but she would obtain it.

SENATOR WILKEN remarked that he would be voting no on the motion. He said that one of his constituents has had difficulty in having the state recognize him as a vendor for computers. Therefore, instead of holding up this motion, he will be voting no. But, he is fully supportive of [the Legislative Audit Division] upgrading its equipment. He then said, "I'll make sure that he [constituent] was treated in the appropriate manner in this deal."

A roll call vote was taken. Senators Donley, Phillips, Ward, Therriault and Representatives Joule, Lancaster, Mulder, and Fate voted in favor of this motion. Senator Wilken, alternate voted against it. Therefore, the motion does pass.

Number 0616

CHAIR THERRIAULT stated that the final item to be discussed dealt with finished audits and confidentiality.

MS. DAVIDSON explained that the recently released report on the Department of Health and Social Services, Divisions of Mental Health and Developmental Disabilities and Medical Assistance, Community Mental Health Center Programs, Follow-Up Report, showed that a continuing problem is the department's inability to collect client information and services being provided for state funded services. She said that Medicaid funded services get the information, but state funded grants in these programs, are not receiving the client data. In essence, "they" will not be able to be accountable for this program until they can get client data. She pointed out that this specific recommendation is addressed in the report.

CHAIR THERRIAULT explained that he brought this forward due to audits that indicate there should be some consideration of a policy by the legislature. He said that the Joint Committee on Legislative Budget and Audit should consider whether "we" want to have a LB&A [Legislative Budget & Audit] bill introduced. This would allow the item to at least be brought before the legislature and its committees for "possible policy call."

Number 0712

ELMER LINDSTROM, Special Assistant, Office of the Commissioner, Department of Health & Social Services, stated that he agrees with the legislative auditor's [Pat Davidson] statement. After having worked with them on several audits on this subject, a potential bill was drafted for introduction, ["An Act relating

to release of, notification of, and access to certain mental health information and records; and providing for an effective date," located in committee packet].

MR. LINDSTROM said, "We would be very pleased to support the legislation should the committee introduce it."

CHAIR THERRIAULT asked why the administration wasn't introducing this legislation.

MR. LINDSTROM replied that he did not know. However, this is not unusual. He said he has a number of bills that "they" chose not to put forward and for which he has been seeking sponsors. He stated that this legislation is an accountability bill. Therefore, the Joint Committee on Legislative Budget and Audit would be an obvious sponsor of the bill. At the same time, the administration would be supporting the legislation.

Number 0807

SENATOR PHILLIPS asked if Governor Tony Knowles "promises not to veto this bill."

MR. LINDSTROM replied that he would "never speak for the governor but I have no reason to believe that would ever be considered in this instance."

CHAIR THERRIAULT asked if this bill is [sponsored by the Legislative Budget & Audit Committee], if the department [of Health & Social Services] is prepared to back it up with the research and testimony that would be needed.

MR. LINDSTROM confirmed this statement.

Number 0870

CHAIR THERRIAULT asked if there were any objections to the Joint Committee on Legislative Budget and Audit sponsoring the proposed legislation. There being no objection, this motion was approved.

#### **ADJOURNMENT**

Number 0890

There being no further business before the committee, the Legislative Budget & Audit Committee meeting was adjourned at 1:17 p.m.