

**ALASKA STATE LEGISLATURE**  
**JOINT COMMITTEE ON LEGISLATIVE BUDGET AND AUDIT**

May 10, 2002

6:20 p.m.

**MEMBERS PRESENT**

Senator Randy Phillips  
Senator Gene Therriault, Chair

Representative Hugh Fate, Vice Chair  
Representative Eldon Mulder  
Representative John Harris  
Representative Ken Lancaster  
Representative William K. "Bill" Williams

**MEMBERS ABSENT**

Senator Jerry Ward  
Senator Lyman Hoffman  
Senator Dave Donley  
Senator Gary Wilken, alternate

Representative Reggie Joule  
Representative John Davies, alternate

**COMMITTEE CALENDAR**

EXECUTIVE SESSION  
AUDIT REPORTS  
OTHER COMMITTEE BUSINESS

**WITNESS REGISTER**

PAT DAVIDSON, Legislative Auditor  
Division of Legislative Audit  
Alaska State Legislature  
333 Willoughby Avenue  
PO Box 113300  
Juneau, Alaska 99811-3300

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

HEATHER BRAKES, Staff  
to Senator Gene Therriault  
Alaska State Legislature  
Capitol Building, Room 121

Juneau, Alaska 99801

POSITION STATEMENT: As committee aide, testified on an audit request made by Representative Joe Green, Alaska State Legislature.

**ACTION NARRATIVE**

TAPE 02-4, SIDE A  
Number 0001

CHAIR GENE THERRIAULT called the Joint Committee on Legislative Budget and Audit at 6:20 p.m. Members present at the call to order were Representatives Fate, Mulder, Harris, Lancaster, and Williams, and Senators Phillips and Therriault.

**EXECUTIVE SESSION**

Number 0046

REPRESENTATIVE FATE made a motion to move to executive session for the purpose of discussing confidential audit reports under AS 24.20.301. There being no objection, the committee went into executive session at 6:21 p.m.

CHAIR THERRIAULT brought the committee back to order at 6:40 p.m.

[The committee went back into regular session.]

**AUDIT REPORTS**

Number 0120

REPRESENTATIVE FATE made a motion to release the final audit for the Department of Labor and Workforce Development, Northstar Unit Alaskan-Hire and Contracting. There being no objection, the final audit was released to the public.

Number 0142

REPRESENTATIVE FATE made a motion to release the following preliminary audits to the agencies for response: the Department of Transportation and Public Facilities, Ted Stevens International Airport Terminal Improvements; and the Department of Transportation and Public Facilities, Ted Stevens International Airport Seismic Design Dispute.

Number 0200

PAT DAVIDSON, Legislative Auditor, Division of Legislative Audit, Alaska State Legislature, suggested the committee might want to authorize the division to release a report on the seismic dispute to the Municipality of Anchorage in order for the division to get the municipality's input for incorporation into the audit.

Number 0223

REPRESENTATIVE FATE also moved to release [the audit for the Department of Transportation and Public Facilities, Ted Stevens International Airport Seismic Design Dispute, to the Municipality of Anchorage].

Number 0237

CHAIR THERRIAULT asked if there was objection to either motion. There being no objection, the audits were released to their respective entities.

CHAIR THERRIAULT said the committee had a large number of audits to approve. He asked if all of the requests required an audit instead of other means.

MS. DAVIDSON said she could not make a preliminary assessment on the scope or time required for the request from Representative Green concerning the Department of Natural Resources, Division of Forestry.

CHAIR THERRIAULT asked if she was confident that it could not be handled quickly.

MS. DAVIDSON said the last sentence of the request makes her pause. She quoted it as saying, "There is some additional information regarding this issue that I'd like to discuss with you in more detail." She said she did not know where that would go.

CHAIR THERRIAULT asked Heather Brakes about her conversation [with the staff in Representative Green's office] about the sentence Ms. Davidson had mentioned.

Number 0460

HEATHER BRAKES, Staff to Senator Gene Therriault, Alaska State Legislature, speaking as the committee aide for the Joint Committee on Legislative Budget and Audit, said they understood it might not be approved.

Number 0500

SENATOR PHILLIPS asked approximately how many audits there were for the committee to deal with.

MS. DAVIDSON told the committee there wasn't an extensive backlog. The audits that have been requested are significant in size, however. She gave the examples of a Medicaid audit and two for Division of Family and Youth Services, among others. She also said the state has adopted new accounting standards that would increase the workload for the division.

SENATOR PHILLIPS asked if the Medicaid audit is "a program audit or a number-crunching audit."

MS. DAVIDSON said it is a little of both. It asks about internal controls, but also gets down to cost containment issues.

SENATOR PHILLIPS reminded Ms. Davidson that there is \$200,000 in the current budget for a "Medicaid socioeconomic-whatever study" and suggested she might want to "tie that in with that, rather than operate in a vacuum."

CHAIR THERRIAULT stated that he would prefer to hold off on Representative Green's audit request until there is time to discuss it more. He asked Ms. Davidson how she determines the order in which to take up audits when she has several.

Number 0820

MS. DAVIDSON told the committee she looks to see where the audit needs to be conducted - statutory audits come first - and then determines what office will perform the audit. She said she tries to match the proper auditor with the particular audit.

Number 0958

REPRESENTATIVE FATE moved that the committee approve the following audit requests: Departments of Administration, Public Safety, and Military and Veterans' Affairs, Alaska Land Mobile Radio Project; Department of [Community] and Economic

Development, Commercial Fishing Revolving Loan Fund; Department of Health and Social Services, Division of Alcohol and Drug Abuse; Department of Corrections, Administration Hiring Discrimination; and Department of Community and Economic Development, Game Guiding Activities. There being no objection, the audit requests were approved.

#### **OTHER COMMITTEE BUSINESS**

CHAIR THERRIAULT reminded members to encourage those in their respective districts who had not yet submitted their Education Cost Study questionnaires.

Number 1151

REPRESENTATIVE MULDER told the committee the state's medical plan is approximately 26 years old, and that there would be funding for a new one; the funds would come through the Joint Committee on Legislative Budget and Audit.

CHAIR THERRIAULT asked what the intent is behind that course of action.

REPRESENTATIVE MULDER answered that the intent is a state health plan that oversees and guides the practices of [certificates of need].

#### **ADJOURNMENT**

There being no further business before the committee, the Joint Committee on Legislative Budget and Audit meeting was adjourned at 6:54 p.m.