

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

February 19, 2004

12:45 p.m.

**MEMBERS PRESENT**

Representative Ralph Samuels, Chair  
Representative Mike Chenault  
Representative Mike Hawker  
Representative Beth Kerttula

Senator Gene Therriault, Vice Chair  
Senator Ben Stevens  
Senator Con Bunde  
Senator Gary Wilken  
Senator Lyman Hoffman (via teleconference)

**MEMBERS ABSENT**

Representative Vic Kohring

**COMMITTEE CALENDAR**

APPROVAL OF MINUTES  
EXECUTIVE SESSION  
AUDIT REQUESTS  
OTHER COMMITTEE BUSINESS

**WITNESS REGISTER**

PAT DAVIDSON, Legislative Auditor  
Division of Legislative Audit  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Provided information on Representative Paul Seaton's audit request regarding Alaska Marine Highway System procurement.

**ACTION NARRATIVE**

**TAPE 04-3, SIDE A**

Number 0001

**CHAIR RALPH SAMUELS** called the Joint Committee on Legislative Budget and Audit meeting to order at 12:45 p.m. Representatives Samuels, Chenault, Hawker, and Kerttula, and Senators Ben

Stevens, Wilken, and Hoffman (via teleconference) were present at the call to order. Senators Therriault and Bunde arrived as the meeting was in progress.

#### **APPROVAL OF MINUTES**

Number 0026

REPRESENTATIVE HAWKER made a motion to approve the minutes of January 15, 2004, and February 3, 2004. There being no objection, the minutes from the meetings of January 15, 2004, and February 3, 2004, were approved.

CHAIR SAMUELS noted the arrival of Senator Therriault.

#### **EXECUTIVE SESSION**

Number 0053

REPRESENTATIVE HAWKER 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 12:45 p.m.

CHAIR SAMUELS brought the committee back to order at 1:13 p.m. [Senator Bunde had arrived during executive session.]

#### **AUDIT REQUESTS**

Number 0124

SENATOR THERRIAULT made a motion for the final audits for the Department of Education and Early Childhood Development, Sunset Review (05-20026-04) and the Department of Environmental Conservation, Village Safe Water Program, Selected Projects (18-30028-04) to be released to the public for response. There being no objection, it was so ordered.

Number 0146

PAT DAVIDSON, Legislative Auditor, Division of Legislative Audit, Alaska State Legislature, presented an audit request from Representative Paul Seaton regarding Alaska Marine Highway System procurement. Ms. Davidson said this request asks for an audit of the Department of Transportation and Public Facilities, Alaska Marine Highway System's compliance with procurement laws and regulations for vessel repair and maintenance contracts.

CHAIR SAMUELS asked if there was any discussion.

Number 0207

SENATOR THERRIAULT made a motion for the Alaska Marine Highway System procurement audit to be approved by the committee. There being no objection, it was so ordered.

**OTHER COMMITTEE BUSINESS**

Number 0224

SENATOR WILKEN said it was his understanding that the administration was putting together a central travel office. He said he sees this as the State of Alaska stealing from private industry, and said he had asked for an audit last fall to determine if this was in the best interest of Alaska. He asked Ms. Davidson for the status of this audit.

MS. DAVIDSON replied [the Division of Legislative Audit] had not initiated that audit, but said one of her staff members is attending a finance officers' meeting today to get information about the central travel office. She said her office is monitoring the issue, but has not started an audit. She explained it would probably be another four months before that audit was begun.

Number 0348

SENATOR WILKEN stated he probably shouldn't be so "black and white," but he has seen no evidence to show the benefit of the state's becoming its own travel agency.

SENATOR WILKEN mentioned the [Alaska School District Cost Study], and asked for a report on its progress.

Number 0404

CHAIR SAMUELS said after the peer review was released, [Ms. Davidson], David Teal, and [Representative Samuels's] staff got together with Dr. Tuck, the ISER [Institute of Social and Economic Research] professor who presented the peer review. They asked [Dr. Tuck] how long it would take to implement "his fixes," how long the information in [American Institutes for Research] was valid, and how much it would cost to complete the

project. Chair Samuels said by the next meeting he would have the information and a proposal for the committee to look at.

CHAIR SAMUELS continued to say that Dr. Tuck stated the information cannot be obtained by the end of this session, and [the committee] will need to decide how to proceed.

Number 0549

SENATOR WILKEN said his understanding was that there were three issues [to be dealt with from the ISER report]: the energy issue, the teacher salary component, and "the leveling of the ups and downs of some sort of grouping." He wondered if [the committee] had talked to AIR since the last meeting.

CHAIR SAMUELS replied that he had never talked to AIR and wondered, in the peer review, how much interaction AIR had with Dr. Tuck.

Number 0624

MS. DAVIDSON replied that it was clear that Dr. Tuck had talked to [AIR].

SENATOR WILKEN inquired if [the committee] would be asking Dr. Tuck to talk to AIR, so he's not "reinventing the wheel."

Number 0643

CHAIR SAMUELS responded that Dr. Tuck would be moving forward with information from AIR or from [Association of Alaska School Boards] or from wherever he needs to go to get information.

REPRESENTATIVE WILKEN said he hoped this could be done sooner than a month from now, but said he'd leave it up to Chair Samuels.

CHAIR SAMUELS reiterated that he'd speak with Dr. Tuck and work with Ms. Davidson.

**ADJOURNMENT**

Number 0719

There being no further business before the committee, the Joint Committee on Legislative Budget and Audit meeting was adjourned at 1:20 p.m.