

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

January 14, 2010

10:09 a.m.

**MEMBERS PRESENT**

Senator Kevin Meyer, Chair  
Representative Nancy Dahlstrom, Vice Chair (via teleconference)  
Senator Lyman Hoffman  
Senator Linda Menard  
Senator Bert Stedman  
Representative Bill Thomas (via teleconference)  
Representative Mike Doogan

**MEMBERS ABSENT**

Senator Charlie Huggins  
Representative Mike Hawker  
Representative Mark Neuman  
Senator Donald Olson (Alternate)  
Representative Bill Stoltze (Alternate)  
Representative Chris Tuck (Alternate)

**COMMITTEE CALENDAR**

APPROVAL OF MINUTES  
REVISED PROGRAM - LEGISLATIVE (RPLS)  
REIMBURSABLE SERVICES AGREEMENT (RSA)  
AUDIT REQUEST  
EXECUTIVE SESSION  
OTHER COMMITTEE BUSINESS

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

MICHELLE RIZK, Associate Vice President  
Budget  
Statewide Planning & Budget  
University of Alaska (UAF)  
Fairbanks, Alaska

**POSITION STATEMENT:** Presented RPL 45-0-1138.

RICHARD MYLIUS, Director

Central Office  
Division of Mining, Land and Water  
Department of Natural Resources (DNR)  
Anchorage, Alaska

**POSITION STATEMENT:** Presented the Reimbursable Services Agreement (RSA) 2477.

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

**POSITION STATEMENT:** Testified and answered questions regarding the audit request from Senator Davis.

## **ACTION NARRATIVE**

[10:09:54 AM](#)

**CHAIR KEVIN MEYER** called the Legislative Budget and Audit Committee meeting to order at 10:09 a.m. Senators Meyer, Stedman, Hoffman, and Menard and Representatives Doogan, Thomas (via teleconference), Dahlstrom (via teleconference) were present at the call to order.

## **APPROVAL OF MINUTES**

[10:10:11 AM](#)

CHAIR MEYER announced that the first order of business would be the approval of the minutes.

[10:10:55 AM](#)

REPRESENTATIVE DAHLSTROM made a motion to approve the minutes of December 16, 2009. There being no objection, the minutes from the meeting of December 16, 2009 were approved.

## **REVISED PROGRAM - LEGISLATIVE (RPLs)**

[10:11:21 AM](#)

CHAIR MEYER announced that the next order of business would be consideration of RPLs.

[10:12:11 AM](#)

MICHELLE RIZK, Associate Vice President, Budget, Statewide Planning & Budget, University of Alaska (UAF), explained that UAS was requesting federal stimulus receipt authority for equipment to support research and classroom training in biology and environmental science. [Included in committee packets.]

[10:12:49 AM](#)

CHAIR MEYER asked if there were any questions.

There being no objection, RPL 45-0-1138 was approved.

### **REIMBURSABLE SERVICES AGREEMENT (RSA)**

[10:13:21 AM](#)

CHAIR MEYER announced that the next order of business would be the Reimbursable Services Agreement (RSA) 2477 request from the Department of Natural Resources (DNR).

[10:13:37 AM](#)

RICHARD MYLIUS, Director, Central Office, Division of Mining, Land and Water, Department of Natural Resources (DNR), noted that in previous years, the Legislative Budget and Audit Committee had supplemented funding for research and assertions to defend state ownership of navigable waters. He confirmed that the RSA request was for \$73,000 and referred to the letter of request, dated December 1, 2009. He detailed the request components to include research to support assertions for navigable waters, management, filing of requests for recordable claims of interest, and litigation support to the Attorney General's office in related cases.

[10:15:32 AM](#)

SENATOR HOFFMAN asked which navigable waters were under consideration for review during the upcoming twelve months.

[10:15:40 AM](#)

MR. MYLIUS reported that there were two parts to the work on navigable waters: (1) the filing of recordable disclaimers of interest to clarify the title, which were federal documents to confirm state ownership; and, (2) the historical research, which included two navigable rivers in the Kuskokwim area, the Goodnews River and the Kanektok River. He added that there were

also two navigable rivers currently in litigation, the Kotsina River near Chitina, and the Skagway River, in Skagway. He explained that it was necessary to receive these documents so that federal agencies would recognize the state ownership.

[10:17:05 AM](#)

SENATOR HOFFMAN asked to be kept informed on any Kuskokwim developments.

[10:17:11 AM](#)

SENATOR STEDMAN asked Mr. Mylius if he would give a presentation to the Senate Finance Committee.

[10:17:52 AM](#)

MR. MYLIUS agreed.

[10:18:00 AM](#)

There being no objection, the request for RSA 2477 in the amount of \$73,000 was approved.

### **AUDIT REQUEST**

[10:18:29 AM](#)

CHAIR MEYER announced that the next order of business would be an audit request from Senator Bettye Davis.

[10:18:43 AM](#)

PAT DAVIDSON, Legislative Auditor, Division of Legislative Audit, Alaska State Legislature, referred to the audit request by Senator Davis, dated November 3, 2009. She noted that Senator Davis requested an audit of the Human Rights Commission and the Office of the Ombudsman. She reminded the committee that her office met the independence requirements of professional standards when conducting an audit of the executive branch [Human Rights Commission] or the court system; however, she pointed out that the Office of the Ombudsman was part of the Alaska State Legislature, and an audit would need to clearly state that her office was not "organizationally independent" in carrying out this audit. She observed that the Alaska State Legislature did not often direct one agency to audit the activities of another agency within the same jurisdiction. She

reported that the internal auditor in the Office of the Governor had also been asked to review the Human Rights Commission, but that it would not be as comprehensive a review as that of the Division of Legislative Audit.

[10:22:03 AM](#)

CHAIR MEYER asked if Ms. Davidson had any objection to conducting either of the audits.

[10:22:16 AM](#)

MS. DAVIDSON replied that she would perform the audits as requested. She explained that she had merely wanted to direct attention to the issue of independence with regard to the audit of the Office of the Ombudsman. She identified the first item of the audit request, which was a gathering of basic information to the cases. She pointed out that the fifth item, which requested examination of retaliatory action by employers, should focus on the implicated agencies. She noted that she would be limited to investigation of state agencies, but that the Human Rights Commission could investigate private employers. She observed that state and federal laws did prohibit retaliation, which would allow for follow through.

[10:24:16 AM](#)

SENATOR HOFFMAN asked if Senator Davis had a preference for the audit assignment.

[10:24:37 AM](#)

CHAIR MEYER reported that Senator Davis was en route to Juneau. He suggested for the Division of Legislative Audit to move forward with the audit of the Human Rights Commission, to designate a separate audit for the Office of the Ombudsman, and to speak with Senator Davis.

[10:25:10 AM](#)

MS. DAVIDSON agreed to move forward with the audit of the Human Rights Commission.

[10:25:29 AM](#)

REPRESENTATIVE DAHLSTROM moved to approve the request by Senator Davis for an audit of the Human Rights Commission.

[10:26:05 AM](#)

There being no objection, the aforementioned audit request was approved.

### **EXECUTIVE SESSION**

[10:26:14 AM](#)

CHAIR MEYER announced that the next order of business would be that the committee would go into executive session.

[10:26:26 AM](#)

REPRESENTATIVE DAHLSTROM 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 10:26 a.m.

[10:55:13 AM](#)

CHAIR MEYER brought the committee back to order at 10:55 a.m.

### **OTHER COMMITTEE BUSINESS**

[10:55:42 AM](#)

REPRESENTATIVE DAHLSTROM made a motion for the final audit for the Sunset Review of the Department of Commerce, Community, & Economic Development's (DCCED) Board of Pharmacy, Board of Certified Real Estate Appraisers, Board of Psychologist and Psychological Associate Examiners, and a special report on the Department of Transportation & Public Facilities (DOTPF) Gravina Island Access Project to be released to the public for response.

[10:56:07 AM](#)

REPRESENTATIVE THOMAS objected.

[10:56:34 AM](#)

MS. DAVIDSON explained that release of the audits allowed members to dispose of the audit reports.

10:56:43 AM

CHAIR MEYER noted that Representative Thomas removed his objection.

There being no further objections, the aforementioned audits were released to the public.

10:57:03 AM

SENATOR STEDMAN expressed the necessity for discussion of the oil and gas issues and process, as it appeared that it would be very time consuming.

CHAIR MEYER asked about the Trans Canada release of data.

SENATOR STEDMAN replied that he was unsure of the date for release, and he spoke about the need for modifications in the model with inputs from the [oil and gas] industry and Department of Natural Resources (DNR).

#### **ADJOURNMENT**

11:01:08 AM

There being no further business before the committee, the Legislative Budget and Audit Committee was adjourned at 11:01 a.m.