

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

January 14, 2013

3:03 p.m.

MEMBERS PRESENT

Representative Mike Hawker, Chair
Representative Mark Neuman
Representative Kurt Olson

Senator Bert Stedman, Vice Chair
Senator Hollis French
Senator Linda Menard
Senator Kevin Meyer (alternate)

OTHER LEGISLATORS PRESENT

Senator-elect Anna Fairclough

MEMBERS ABSENT

Representative Bill Thomas
Representative Mike Doogan
Representative Scott Kawasaki (alternate)
Representative Bill Stoltze (alternate)

Senator Lyman Hoffman
Senator Thomas Wagoner

COMMITTEE CALENDAR

APPROVAL OF MINUTES
EXECUTIVE SESSION
RELEASE OF AUDITS
AUDIT REQUESTS

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

KRISTIN CURTIS, Legislative Auditor
Legislative Audit Division
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information on the audit request.

ACTION NARRATIVE

[3:03:53 PM](#)

CHAIR MIKE HAWKER called the Legislative Budget and Audit Committee meeting to order at 3:03 p.m. Representatives Hawker, Neuman, and Olson and Senators French, Menard, Meyer (alternate), and Stedman were present at the call to order. Also in attendance was Senator-elect Fairclough.

[NOTE: This is a meeting of the 27th Alaska State Legislature Joint Legislative Budget & Audit Committee.]

Approval of Minutes

[3:05:20 PM](#)

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

[3:05:46 PM](#)

SENATOR STEDMAN made a motion to approve the minutes of December 12, 2012. There being no objection, the minutes from the meeting of December 12, 2012 were approved.

Executive Session

[3:06:04 PM](#)

CHAIR HAWKER announced that the next order of business would be to move into executive session.

[3:06:21 PM](#)

SENATOR STEDMAN 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 3:06 p.m.

[3:26:13 PM](#)

CHAIR HAWKER brought the committee back to order at 3:26 p.m. Representatives Hawker, Neuman, and Olson and Senators French,

Menard, Meyer (alternate), and Stedman were present at the call back to order.

Release of Audits

[3:26:28 PM](#)

SENATOR STEDMAN made a motion for the final audits of the Board of Marine Pilots Sunset Review and the Department of Administration, Office of Public Advocacy, Select Issues to be released to the public for response. There being no objection, it was so ordered.

Audit Request

[3:27:08 PM](#)

CHAIR HAWKER announced that the last order of business would be an audit request from Representative Thomas. He referenced the letter from Representative Thomas which requested the audit [Included in members' packets].

[3:28:09 PM](#)

SENATOR STEDMAN made a motion to approve the request for an audit of the Alaska Public Offices Commission (APOC).

CHAIR HAWKER objected for discussion.

SENATOR MENARD asked for the date when the letter from Representative Thomas had been delivered.

CHAIR HAWKER, in response to Senator Menard, explained that, prior to the previous Legislative Budget and Audit Committee meeting on December 13, 2012, Representative Thomas had expressed his interest in requesting this audit. Chair Hawker clarified that, at that time, he had asked that Representative Thomas work with the auditors to prepare a letter which would refine the audit objectives of the request. Chair Hawker relayed that he had received the aforementioned letter about "a week ago."

[3:29:29 PM](#)

SENATOR MENARD offered her belief that an announcement for when the letter request had been received would have better clarified the history of Representative Thomas's concerns.

CHAIR HAWKER expressed his thanks for the suggestion, noting that he was assured the incoming chair of the Legislative Budget and Audit Committee would also consider this suggestion for future policies and procedures for the committee.

[3:30:05 PM](#)

SENATOR FRENCH, stating that he had been the recipient of an APOC complaint in the previous election, asked if Representative Thomas was also the subject of an APOC investigation.

CHAIR HAWKER relayed that Representative Thomas had previously been investigated by APOC; however, he reported that he did not know if APOC had any subsequent concerns with Representative Thomas. He added that he was also aware of many of the APOC issues which Representative Thomas addressed, including staff turnover and difficulty with timely, consistent resolution of issues. He emphasized that "this isn't a witch hunt. It's something that's auditable, measureable, looking for fairness of application of laws, and specifically turnover." He pointed out that staff turnover can be an indicator of the operation by an organization.

[3:31:14 PM](#)

SENATOR MEYER declared his support for the audit request and asked how long it would take for the audit to be performed.

[3:31:50 PM](#)

KRISTIN CURTIS, Legislative Auditor, Legislative Audit Division, Alaska State Legislature, explained that, although all of the current special audit requests had been assigned, there were nine upcoming sunset audits. She listed some of the larger current special audits. She offered her belief that the APOC audit request could be started by the end of summer, and in response to Chair Hawker, completed by the next session.

[3:32:55 PM](#)

SENATOR MEYER declared that this projected timeline for the audit request would allow time, prior to the next election, for any necessary statutory changes.

[3:33:12 PM](#)

REPRESENTATIVE NEUMAN expressed his support for the audit request, and shared that APOC had testified on three occasions to the House Administration Finance Subcommittee. He explained that there were questions for APOC regarding the large increases for its hiring budget that were not fully answered. Referring to the aforementioned letter from Representative Thomas, he suggested that these hiring budget increases could be included in the audit request.

[3:34:24 PM](#)

CHAIR HAWKER asked if these hiring budget increases would be included in the review.

MS. CURTIS, in response, explained that she would include it as part of the audit request and objectives.

[3:34:40 PM](#)

SENATOR FRENCH asked if the Legislative Budget and Audit Committee had previously requested an audit of APOC.

MS. CURTIS replied that APOC had last been audited in 1983.

[3:35:00 PM](#)

SENATOR MENARD asked to clarify that the APOC hiring budget had increased 300 percent in the last five years.

REPRESENTATIVE NEUMAN, in response, opined that there had been a 200 or 300 percent increase in its annual hiring budget, and declared that, as the increase had been considerable, the subcommittee had questioned APOC on numerous occasions.

SENATOR MENARD asked if that budget had finally been approved.

REPRESENTATIVE NEUMAN stated that the House Finance Committee had approved the budget, and, in response to Chair Hawker, shared that both sides of the Legislature had also approved it.

[3:35:51 PM](#)

SENATOR MEYER pointed out that, although the focus was on the agency, it was the APOC board that made the decisions for discipline. He suggested that the audit request should also include the APOC board, noting that the APOC board members had also requested a stipend increase.

MS. CURTIS replied that she would ensure that the scope of the audit was not too limited.

CHAIR HAWKER clarified that the intent of Representative Thomas had been to include the function of "the agency as a whole where it's appropriate."

CHAIR HAWKER removed his objection.

[3:38:41 PM](#)

CHAIR HAWKER announced that there being no further objection, the audit request was approved.

[3:39:05 PM](#)

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 3:39 p.m.