

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

July 12, 2018

10:11 a.m.

MEMBERS PRESENT

Senator Bert Stedman, Chair
Senator Cathy Giessel
Senator Click Bishop
Senator Natasha von Imhof (alternate)

Representative Andy Josephson, Vice Chair
Representative Scott Kawasaki
Representative Paul Seaton
Representative Ivy Spohnholz
Representative Jennifer Johnston
Representative Dan Ortiz (alternate)

MEMBERS ABSENT

Senator Anna MacKinnon
Senator Lyman Hoffman

COMMITTEE CALENDAR

APPROVAL OF AGENDA
APPROVAL OF MINUTES
EXECUTIVE SESSION
OTHER COMMITTEE BUSINESS

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

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

POSITION STATEMENT: Answered a question regarding a statement made during a prior hearing and provided information regarding audits and a sexual harassment policy.

ACTION NARRATIVE

[10:11:26 AM](#)

CHAIR BERT STEDMAN called the Legislative Budget and Audit Committee meeting to order at 10:11 a.m. Representatives Josephson, Spohnholz, Johnston, Seaton (via teleconference) and Kawasaki (via teleconference), and Senators Stedman, Giessel, Bishop (via teleconference), and Von Imhof (alternate)(via teleconference) were present at the call to order. Representative Ortiz (alternate)(via teleconference) arrived as the meeting was in progress.

APPROVAL OF AGENDA

[10:12:33 AM](#)

CHAIR STEDMAN announced the first order of business would be the approval of the agenda. He noted that there would be a proposed modification to the agenda.

[10:12:44 AM](#)

REPRESENTATIVE JOSEPHSON moved that the Legislative Budget and Audit Committee approve the agenda with an amendment to move the topic of Sexual Harassment Policy to [Other Committee Business].

[10:13:17 AM](#)

SENATOR BISHOP objected.

SENATOR STEDMAN, upon determining Senator Bishop's objection related to the minutes of June 5, 2018, clarified that a motion for approval of minutes would be forthcoming.

SENATOR BISHOP removed his objection. There being no further objection, the modified agenda was approved.

APPROVAL OF MINUTES

[10:14:24 AM](#)

SENATOR STEDMAN announced that the next order of business would be the approval of the minutes.

[10:14:35 AM](#)

REPRESENTATIVE JOSEPHSON made a motion to approve the minutes of the June 5, 2018, meeting as presented.

[10:14:41 AM](#)

CHAIR STEDMAN objected for the purpose of discussion.

[10:14:52 AM](#)

SENATOR BISHOP asked for clarification from Kris Curtis as to her remark on page 6 of the June 5, 2018, minutes regarding a gas and development organization.

[10:15:35 AM](#)

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Alaska State Legislature, clarified that the name of the corporation to which she had referred on June 5, 2018, was the Alaska Gasline Development Corporation (AGDC).

CHAIR STEDMAN removed his objection.

[10:16:00 AM](#)

SENATOR GIESSEL objected.

SENATOR GIESSEL made a motion to amend the aforementioned sentence on page 6 of the June 5, 2018, minutes to include the name Alaska Gasline Development Corporation. There being no objection, it was so ordered.

SENATOR GIESSEL removed her objection. There being no further objection, the minutes of June 5, 2018, as amended, were approved.

EXECUTIVE SESSION

[10:18:14 AM](#)

SENATOR STEDMAN announced that the next order of business would be executive session, as amended in the adoption of the [agenda].

[10:18:28 AM](#)

REPRESENTATIVE JOSEPHSON made a motion that the Legislative Budget and Audit Committee go into executive session under Uniform Rule 22 of the Alaska State Legislature and AS 24.20.301 for the purpose of considering the release of a Statewide Single

Audit for fiscal year 2017 (FY 17); release of the final audit of the Department of Commerce, Community & Economic Development, Regulatory Commission of Alaska FY 17 Annual Report; and the preliminary audit of the Department of Commerce, Community & Economic Development, Board of Marine Pilots sunset.

CHAIR STEDMAN asked if there was any objection. [No objection was stated.]

CHAIR STEDMAN asked that the following individuals remain in the room or online: legislative auditor, Kris Kurtis; necessary staff of the Legislative Audit Division; any legislators not on the committee; and any legislative staff for the Legislative Budget and Audit Committee.

[10:19:36 AM](#)

The committee took an at-ease from 10:20 a.m. to 11:06 a.m. for the purpose of executive session.

[11:06:30 AM](#)

CHAIR STEDMAN brought the committee back to order. Present at the call back to order were Representatives Kawasaki (via teleconference), Seaton (via teleconference), Spohnholz, Johnston, Josephson and Senators Bishop (via teleconference), Giessel, Von Imhof (alternate, via teleconference), and Stedman.

CHAIR STEDMAN announced there was a quorum, as there were nine members of the committee present.

[11:08:00 AM](#)

REPRESENTATIVE JOSEPHSON made a motion that the Legislative Budget and Audit Committee approve the release of the preliminary audit of the Board of Marine Pilots to the agency for formal comment.

CHAIR STEDMAN objected for the purpose of discussion.

[11:08:23 AM](#)

MS. CURTIS remarked that the preliminary audit of the Board of Marine Pilots would be released to agencies for formal comment while the two final audits would be released to a final public document.

CHAIR STEDMAN removed his objection. There being no further objection, the release of the preliminary audit of the Board of Marine Pilots to the agency for formal comment was so ordered.

[11:09:05 AM](#)

REPRESENTATIVE JOSEPHSON made a motion that the Legislative Budget and Audit Committee approve the release of the final audit for the Regulatory Commission of Alaska FY 17 Annual Report to the public. There being no objection, it was so ordered.

[11:09:24 AM](#)

REPRESENTATIVE JOSEPHSON made a motion that the Legislative Budget and Audit Committee approve the release of final Statewide Single Audit for FY 17 to the public.

CHAIR STEDMAN objected for the purpose of discussion. He asked Ms. Curtis for a brief description of the timeline of the audit.

[11:09:44 AM](#)

MS. CURTIS stated that the Statewide Single Audit for FY 17 was due to the federal government by March 31, 2018, and it was late for three reasons. The first reason was that the financial audit was delayed. She said the opinion of the Legislative Audit Division was due in mid-December [2017] but was issued the beginning of February. She explained the tardiness was mainly a result of issues surrounding a new state accounting system. The second reason was there were 78 recommendations - a high number - which had to be written after the financial audit was complete, and "those didn't get out until end of March." The third reason, she indicated, was related to the Department of Health & Social Services' federal programs for audit by an outside auditor. She said that report was submitted to the Legislative Audit Division in May - six months late and significantly beyond the March 31 deadline.

CHAIR STEDMAN removed his objection. There being no further objection, the motion passed.

OTHER COMMITTEE BUSINESS

[11:10:54 AM](#)

CHAIR STEDMAN announced that the final item on the agenda would be the Sexual Harassment Policy, which he said had been addressed by legislative groups over the last year.

[11:11:10 AM](#)

REPRESENTATIVE JOSEPHSON made a motion that the Legislative Budget and Audit Committee approve the adoption of the Sexual Harassment Policy for all Legislative Budget and Audit Committee employees other than those for Legislative Audit.

CHAIR STEDMAN objected for the purpose of discussion. He requested Ms. Curtis offer an explanation.

[11:11:32 AM](#)

MS. CURTIS stated as follows:

A general sexual harassment policy applicable to all legislative employees was adopted by Legislative Council this past session; however, Legislative Council does not set personnel rules for Legislative Budget and Audit Committee employees per AS 24.20.061. So, there really is not compelling reason to alter this policy for LB&A employees, except for Legislative Audit. So, I do recommend that the committee adopt that Legislative Council policy.

But for Legislative Audit: we must maintain our independence ... to ensure our actions are nonbiased, both in appearance and in fact. To ensure our independence, Legislative Audit reports directly to this committee, the Legislative Budget and Audit Committee.

In general, [under] the Legislative Council Sexual Harassment Policy, complaints are directed to the Legislative Affairs Agency, and complaints can also be filed with the House Chief Clerk, the Senate Secretary, the Senate President, [and the] Speaker of the House. So, this process totally circumvents the Legislative Budget and Audit Committee, when there are complaints with Legislative Audit, which was inappropriate in this specific instance

To address this, we ... took that [Legislative] Council policy and we tailored it ... specifically for

Legislative Audit to ensure harassment complaints are reported to [the] legislative auditor ... and/or the chair of the Legislative Budget and Audit Committee.

11:13:01 AM

MS. CURTIS noted that each committee member had a copy of the Sexual Harassment Policy [included in the committee packet]. She said the Legislative Audit Division made the minimal changes necessary to the Legislative Council's Sexual Harassment Policy to tailor it to the division. [The changes are outlined in a memorandum from Ms. Curtis, dated June 28, 2018, included in the committee packet]. She offered a summary of the changes. She said all references to legislators were removed. She explained there were many references regarding what to do in case of a legislative complaint. She related that instead of the Legislative Affairs Agency (LAA) manager, Legislative Audit Division employees would report to the appointing authority, which is the legislative auditor, and the legislative auditor would report to the LB&A chair; however, all Legislative Audit Division employees would have the choice to report directly to the LB&A chair. Ms. Curtis said the LAA standard complaint form was tailored to the Legislative Audit Division; under the formal reporting section of that policy the reporting authority was limited to the reporting authority or LB&A chair; under the investigation section, the division identified that the appointing authority or the LB&A chair may hire an outside investigator at his/her discretion, which includes asking the LAA human resource manager to do the investigation. Ms. Curtis stated that no changes were made in regard to "definitions or timelines or any other content of the policy."

11:14:50 AM

SENATOR GIESSEL directed attention to the second paragraph on page 1 of the policy, which read as follows [original punctuation provided]:

All legislative branch employees and Legislators who knowingly instigate or participate in harassment in violation of this policy will be subject to disciplinary action as described in this policy. Supervisors and managers who knowingly permit harassment activity without taking corrective action will be subject to disciplinary action up to and including suspension or discharge.

SENATOR GIESSEL questioned why "and Legislators" was included if the policy was being tailored specifically for the [Legislative Audit Division].

MS. CURTIS, regarding both the first and second paragraphs of the policy, indicated that she did not see the need to change any language regarding the policy of the legislature itself "to maintain a workplace that is free of all illegal discrimination." She said, "I kept those two policies as is a policy to the legislature itself." She referred to the first part of the first sentence of the second paragraph and said it is true. She further offered that she could change it; however, she remarked that she was interested in making as few changes as possible in the actual policy, and "because this was more background information on the need for the policy, I didn't think ... anything to that as I was trying to minimize it."

SENATOR GIESSEL noted that the rest of the sentence states that those who violate the policy will be subject to disciplinary action; therefore, she opined that it is inappropriate to have "and Legislators" in the first sentence of the second paragraph.

[11:16:35 AM](#)

REPRESENTATIVE JOSEPHSON said he thinks Senator Giessel has a point. He asked what the procedure would be if a legislator harassed an employee in the Legislative Audit Division.

MS. CURTIS offered her understanding that the complaint would be brought under the LAA policy because the complaint would be against the legislator. She suggested that the first sentence in the second paragraph could be amended to read: "All Legislative Audit employees who knowingly instigate or participate in harassment in violation of this policy will be subject to disciplinary action as described in this policy."

[11:17:21 AM](#)

REPRESENTATIVE SPOHNHOLZ said she thinks Senator Giessel's point is a fair one. She suggested a need for more clarity. She explained that it is not clear that an employee of the Legislative Audit Division who is harassed by a legislator should take his/her complaint to Legislative Council.

MS. CURTIS replied that it never occurred to her that a situation could occur in which [a legislator harassed an employee within the Legislative Audit Division].

REPRESENTATIVE SPOHNHOLZ said there have been instances where legislators have been accused of sexual harassment that occurred "not in the building" and was taken through official reporting channels. She said she would be more comfortable if the [policy] was more explicit.

[11:19:20 AM](#)

MS. CURTIS suggested a reference be added at the end stating, "[For] complaints involving legislators or other legislative employees, please see [Legislative] Council policy adopted on ..."

REPRESENTATIVE SPOHNHOLZ said she would feel more comfortable with that language added.

MS. CURTIS suggested the language could be inserted after the second paragraph.

REPRESENTATIVE SPOHNHOLZ responded, "In its own paragraph."

[11:19:51 AM](#)

CHAIR STEDMAN removed his objection to the motion that the Legislative Budget and Audit Committee approve the adoption of the Sexual Harassment Policy for all Legislative Budget and Audit Committee employees other than those for Legislative Audit. He then suggested two amendments be offered to the policy.

[11:20:22 AM](#)

REPRESENTATIVE JOSEPHSON suggested Senators Giessel and Spohnholz make the motions.

[11:20:36 AM](#)

SENATOR GIESSEL made a motion to adopt [Amendment 1] to the Legislative Audit Sexual and Other Workplace Harassment Policy, as follows:

On page 1, paragraph 2, first sentence:

Between "All" and "employees"
Delete "legislative branch"
Insert "Legislative Audit"

Following "employees"
Delete "and Legislators"

SENATOR GIESSEL clarified that with Amendment 1, the first sentence would read: "All Legislative Audit employees who knowingly instigate or participate in harassment in violation of this policy will be subject to disciplinary action as described in this policy." There being no objection, Amendment 1 was adopted.

[11:21:42 AM](#)

REPRESENTATIVE SPOHNHOLZ [moved] to adopt [Amendment 2] to the Legislative Audit Sexual and Other Workplace Harassment Policy, to add a new sentence following paragraph 2, which read: "Complaints involving non-Legislative Audit staff or legislators should be filed according to the Legislative Council Anti-Sexual Harassment Policy." She asked that the statute number be inserted.

MS. CURTIS interjected, "Or the date it was adopted."

REPRESENTATIVE SPOHNHOLZ said, "The date it was adopted. All right. Enter the date that it was adopted."

CHAIR STEDMAN asked if there was any objection to Amendment 2. There being none, Amendment 2 was adopted.

[11:22:18 AM](#)

CHAIR STEDMAN asked if there was any objection to the Legislative Audit Sexual and Other Harassment Policy, as amended.

[11:22:36 AM](#)

REPRESENTATIVE JOSEPHSON made a motion that the Legislative Budget and Audit Committee approve the adoption of the Legislative Audit Sexual and Other Harassment Policy, as amended.

CHAIR STEDMAN objected for the purpose of discussion.

[11:23:05 AM](#)

MS. CURTIS stated, "This additional policy is necessary to ensure Legislative Audit sexual harassment complaints are funneled through to the [Legislative Budget and Audit] Committee as opposed to the Senate President or the Speaker of the House or any other LAA personnel ... to maintain our independence and be free from influence from outside [entities]."

[11:23:33 AM](#)

CHAIR STEDMAN removed his objection to the amendment. There being no further objection, it was so ordered.

[11:23:44 AM](#)

CHAIR STEDMAN discussed the timing of future meetings.

[11:24:10 AM](#)

MS. CURTIS said the Legislative Budget and Audit Committee may meet on September 10, 2018, and October 29, 2018.

[11:25:14 AM](#)

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 11:25 a.m.