

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

September 6, 2022

1:02 p.m.

MEMBERS PRESENT

Senator Natasha von Imhof, Chair
Representative Chris Tuck, Vice Chair
Senator Peter Micciche
Senator Lora Reinbold
Representative Ivy Spohnholz
Representative James Kaufman
Representative Dan Ortiz (alternate)

MEMBERS ABSENT

Senator Bert Stedman
Senator Lyman Hoffman
Representative Andy Josephson
Representative Neal Foster
Senator Click Bishop (alternate)

OTHER LEGISLATORS PRESENT

Representative Bryce Edgmon
Representative Sara Hannan
Senator Jesse Kiehl
Senator David Wilson

COMMITTEE CALENDAR

REVISED PROGRAM LEGISLATIVE (RPL)
SPECIAL AUDIT REQUEST
EXECUTIVE SESSION
STATE MEDICAL BOARD (SUNSET)

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

ALEXEI PAINTER, Director
Legislative Finance Division

Legislative Agencies and Offices
Juneau, Alaska

POSITION STATEMENT: Presented the RPL and answered questions.

KRIS CURTIS, Legislative Auditor
Legislative Audit Division
Legislative Agencies and Offices
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on the Special Audit Request.

ACTION NARRATIVE

[1:02:57 PM](#)

CHAIR NATASHA VON IMHOF called the Legislative Budget and Audit Committee meeting to order at 1:02 p.m. Representatives Spohnholz, Kaufman, Ortiz (Alternate; via teleconference), Josephson, and Tuck and Senators Reinbold, Micciche (via teleconference), and von Imhof were present at the call to order. Also present were Representative Edgmon and Senators Kiehl and Wilson (via teleconference.)

Revised Program Legislative (RPL)

[1:03:46 PM](#)

CHAIR VON IMHOF announced that the first order of business would be Revised Program, Legislative (RPL).

[1:04:22 PM](#)

ALEXEI PAINTER, Director, Legislative Finance Division, Legislative Agencies and Offices, introduced RPL 11-2023-035; Pink Salmon Disaster - 2016 Gulf of Alaska; Statutory Designated Program Receipts (1108) Capital; \$1,000,000. He stated that the RPL, if approved, would increase the appropriation that had been established in fiscal year 2020 (FY 20). He explained that the original capital budget had been in the amount of \$3.63 million and of which some unspent funds had been reallocated to research projects and would include the requested \$1 million. He noted that funds had originated from statutory designated funds and had passed through the National Marine Fisheries Service for distribution by the Pacific States Marine Fisheries Commission and could appear to be federal funds. He added that no match requirement exists for the proposed funding and activities should reach completion by the end of the year.

[1:06:27 PM](#)

REPRESENTATIVE TUCK moved that the Legislative Budget and Audit Committee approve the following RPL:

#11-2023-035; Pink Salmon Disaster - 2016 Gulf of Alaska; Statutory Designated Program Receipts (1108) Capital; \$1,000,000

There being no objection, the RPL was approved.

-Special Audit Request

[1:07:14 PM](#)

CHAIR VON IMHOF announced that the next order of business would be the Special Audit Request. She reminded the committee that it had authorized a preliminary audit review of the Office of Information Technology (OIT).

[1:07:52 PM](#)

REPRESENTATIVE SPOHNHOLZ said that communications had taken place with OIT leadership, and that additional review of the state's security was warranted. She referred to the Legislative Budget and Audit Committee's November 21, 2021 meeting and suggested that the committee put forth a motion with a clear statement of intent to conduct a full audit, so that the auditors have the necessary resources with which to proceed. She explained that OIT had some successful execution of large-scale capital projects and that a full review would be timely in approximately the next two years. She recommended that the committee authorize a full security audit as requested in a memorandum that had been submitted to the chair's office.

[1:10:33 PM](#)

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Legislative Agencies and Offices, stated that the disclosure to the agency and authorization for a full audit would be necessary to ensure that the auditors have full access to the areas of review.

REPRESENTATIVE KAUFMAN asked for an explanation of what would constitute a cost of \$1 million to conduct the audit.

MS. CURTIS cautioned that the estimate had been made [as a placeholder amount] and that actual costs would be determined after development of the scope and identification of available resources. She added that the expertise required to conduct a security review would result in a procurement and that supply and demand of such expertise would drive cost.

REPRESENTATIVE KAUFMAN asked whether the need for additional resources would be needed to effectively develop the scope of the procurement.

MS. CURTIS answered that the agency would be asked to provide information and documentation and the auditors would proceed according to the plan in the audit request.

SENATOR REINBOLD stated that she had become aware of complaints regarding the vulnerability of the state's data security. She encouraged the protection of citizen privacy in the context of the audit. She asked what timeframe would be required to complete the audit.

MS. CURTIS estimated that the audit would be completed within approximately two years and that factors such as federal funding, contractor availability, and available resources would have an impact on the timeline.

CHAIR VON IMHOF asked for ongoing updates at future meetings on the progress of the audit.

MS. CURTIS estimated that [a meaningful update] would be available to the committee in early spring [2023].

[1:16:33 PM](#)

REPRESENTATIVE TUCK moved that the Legislative Budget and Audit Committee approve the Special Audit Request for the Office of Information Technology as presented.

[1:16:57 PM](#)

The committee took an at-ease from 1:16 to 1:18 p.m.

[1:18:42 PM](#)

REPRESENTATIVE TUCK moved that the Legislative Budget and Audit Committee approve the special audit request of the Office of Information Technology as presented, with the understanding that

this is a full audit and not a review. There being no objection, the motion was approved.

Executive Session

[1:19:26 PM](#)

CHAIR VON IMHOF announced that the final order of business would be Executive Session for the purpose of the review and consideration of the preliminary audit of the State Medical Board (Sunset), the final FY 21 Statewide Single Audit, and the Alaska CARES Act Special Audit.

REPRESENTATIVE TUCK moved that the Legislative Budget and Audit Committee go into Executive Session under Uniform Rule 22(b)(3) for the discussion of matters that may, by law, be required to be confidential. He asked that the following persons remain in the room or online: the legislative auditor and necessary staff for the auditor, any legislators not on the committee, and staff for legislators who are members of the committee, and House Finance Committee staff.

There being no objection, it was so ordered.

[1:20:21 PM](#)

The committee took an at-ease from 1:20 to 2:48 p.m. for the purpose of executive session.

[2:48:38 PM](#)

CHAIR VON IMHOF called the Legislative Budget and Audit Committee meeting back to order at 2:48 p.m. Representatives Spohnholz, Kaufman, and Ortiz (alternate, via teleconference) and Senators Reinbold and von Imhof were present at the call back to order. Also present were Representatives Hannan and Edgmon (via teleconference), and Senators Wilson, Micciche, and Kiehl (via teleconference).

State Medical Board (Sunset)

[2:49:13 PM](#)

REPRESENTATIVE KAUFMAN moved that the following Preliminary Audit be released to the agencies for their formal comment:

[2:49:39 PM](#)

REPRESENTATIVE KAUFMAN moved to release the FY 21 Statewide Single Audit and the Alaska CARES Act Grants Special Audit as final audit reports.

SENATOR REINBOLD objected and expressed her gratitude to the committee and to the auditors. She expressed her concern that accountability for individuals responsible for audit findings may be lacking. She removed her objection.

CHAIR VON IMHOF sought any further objection and, there being none, the motion passed.

[2:50:55 PM](#)

REPRESENTATIVE KAUFMAN stated that his office had prepared a top-10 audit findings process section of language for inclusion in the Legislative Budget and Audit handbook and encouraged feedback from the committee.

[2:52:02 PM](#)

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 2:52 p.m.