

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

April 30, 2021

7:02 a.m.

**MEMBERS PRESENT**

Senator Natasha von Imhof, Chair  
Senator Peter Micciche  
Senator Lora Reinbold  
Senator Click Bishop (alternate)  
Representative Chris Tuck, Vice Chair  
Representative Andy Josephson  
Representative Neal Foster  
Representative James Kaufman

**MEMBERS ABSENT**

Senator Bert Stedman  
Senator Lyman Hoffman  
Representative Ivy Spohnholz  
Representative Dan Ortiz (alternate)

**COMMITTEE CALENDAR**

APPROVAL OF MINUTES  
OIL & GAS CONSULTANTS CONTRACT AMENDMENT  
EXECUTIVE SESSION  
LEGISLATIVE AUDIT IT AUDIT PROCUREMENT  
MEDICAL BOARD AUDIT RECOMMENDATIONS

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

KRIS CURTIS, State Auditor  
Legislative Audit Division  
Juneau, Alaska

**POSITION STATEMENT:** Provided information regarding an IT audit RFP and preliminary report statewide single audit.

**ACTION NARRATIVE**

[7:02:19 AM](#)

**CHAIR NATASHA VON IMHOF** called the Legislative Budget and Audit Committee meeting to order at 7:02 a.m. Representatives Tuck, Kaufman, Josephson (via teleconference), and Foster and Senators Micciche, Bishop, Reinbold, and von Imhof were present at the call to order.

**APPROVAL OF MINUTES**

[7:02:59 AM](#)

CHAIR VON IMHOF announced that the first order of business would be Approval of Minutes.

[7:03:16 AM](#)

REPRESENTATIVE TUCK moved that the Legislative Budget and Audit Committee approve the minutes of the 2/24/21 meeting as presented. There being no objection, it was so ordered.

**OIL & GAS CONSULTANTS CONTRACT AMENDMENT**

[7:03:36 AM](#)

CHAIR VON IMHOF announced that the next order of business would be the Oil & Gas Consultants Contract Amendment.

CHAIR VON IMHOF reviewed that the Legislative Budget and Audit Committee currently has two consultants on contract to provide information on oil and gas fiscal systems. Both contracts terminate June 30, 2021. She said IN3ENERGY, with [Rich] Ruggiero, has been providing services since 2017, and Mr. Ruggiero has declined to extend the contract. She said Gaffney, Cline, & Associates ("GaffneyCline") has been providing services since 2017, and there have been three amendments that have extended and increased the amount of the contract to \$950,000 total, with approximately \$610,000 remaining in unobligated funds. She related that GaffneyCline has agreed to extend its contract.

CHAIR VON IMHOF highlighted that GaffneyCline is paid only when its services are utilized. She indicated the last time the company was utilized was with respect to a ballot measure on oil and gas contracts. She advised that GaffneyCline would be helpful to the House and Senate Finance Committees and the House and Senate Resources Standing Committees in looking at oil and gas taxes. She said GaffneyCline has a good model set up, has been working with [the legislature] for years, and she

recommended the Legislative Budget and Audit Committee extend the company's contract. She opined it is important to have GaffneyCline standing by to assist the legislature.

[7:05:21 AM](#)

REPRESENTATIVE TUCK moved that the Legislative Budget and Audit Committee authorize the chair, as procurement officer, to amend the contract with Gaffney, Cline & Associates, to extend the term of the contract to June 30, 2023. There being no objection, it was so ordered.

#### **EXECUTIVE SESSION**

[7:05:51 AM](#)

CHAIR VON IMHOF announced that the next order of business would be an Executive Session to address a preliminary report on the statewide single audit.

[7:06:02 AM](#)

REPRESENTATIVE TUCK moved that the Legislative Budget and Audit Committee go into executive session under Uniform Rule 22(b)(3), for 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, representatives for Legislative Legal Services, any legislators not on the committee, and staff to legislators who are members of the committee. There being no objection, the committee went into executive session.

[7:06:39 AM](#)

The committee took an at-ease from 7:06 a.m. to 7:50 a.m. for the purpose of executive session.

[7:50:40 AM](#)

CHAIR VON IMHOF called the Legislative Budget and Audit Committee back to order at 7:50 a.m. Present at the call back to order were Representatives Kaufman, and Josephson (via teleconference), Foster, and Tuck and Senators Micciche, Bishop, Reinbold, and von Imhof.

#### **LEGISLATIVE AUDIT IT AUDIT PROCUREMENT**

[7:51:02 AM](#)

CHAIR VON IMHOF announced that the next order of business would be the Legislative Audit and IT Audit Procurement.

CHAIR VON IMHOF explained that during executive session, the Legislative Budget and Audit Committee had discussed confidential matters related to the information technology (IT) audit request for proposal (RFP) and the preliminary report statewide single audit. She asked Kris Curtis for any information that could be shared publicly.

[7:51:19 AM](#)

KRIS CURTIS, State Auditor, Legislative Audit Division, said she is asking for authority to award a contract for an IT review of ARIES, the system used by the Department of Health and Social Services to determine eligibility for Medicaid and the Children's Health Insurance Program (CHIP). She continued:

This is needed in support of our federal compliance opinion regarding the Medicaid and CHIP programs. We did have this conducted a few years ago, and now we need to do an update. ... We have an active procurement, which we hope to issue a notice and intent [to award] today after this meeting.

[7:52:01 AM](#)

REPRESENTATIVE TUCK moved that the Legislative Budget and Audit Committee authorize the legislative auditor to award a contract not to exceed \$60,000 to the winning bidder of RFP 21-33-01: an examination of ARIES information technology general controls and application controls. There being no objection, it was so ordered.

[7:52:37 AM](#)

REPRESENTATIVE TUCK moved to release the following preliminary audit to the agencies for response: the statewide single audit from the fiscal year that ended June 30, 2020. There being no objection, it was so ordered.

**MEDICAL BOARD AUDIT RECOMMENDATIONS**

[7:53:06 AM](#)

CHAIR VON IMHOF announced that the final order of business would be Medical Board Audit Recommendations.

7:53:16 AM

MS. CURTIS noted that she had sent a memorandum to committee members the prior week, dated April 21, 2021, which provided the status of Medical Board sunset audit recommendations. She explained that when the Medical Board was extended last year, a provision was included in the bill to have the Legislative Audit Division follow up on the sunset audit recommendations within one year. She directed attention to page 2 of the memorandum, to the first item, which was a recommendation regarding adopting regulations to guide the process for registering in the controlled substance prescription database; regulations were adopted for that, effective March 2021.

MS. CURTIS then pointed to the third item on the last page of the memorandum, which was a recommendation regarding procedures to ensure that licensees with a DEA number register with a control substance prescription database; this recommendation was not fully resolved. She stated that no progress was made in drafting procedures until the auditors asked about the status; those procedures were drafted at that point and were effective March 2021. She said the division also found that not all application forms had been updated to include the controlled substances prescription database requirements on the application forms. As of February 2021, the compliance rate for the licensees was 66 percent; more progress needs to be made on that.

MS. CURTIS directed attention to the third item, a recommendation establishing and implementing procedures to ensure board disciplinary actions were reported in accordance with state law, and she said this issue has been resolved.

7:55:10 AM

CHAIR VON IMHOF thanked Ms. Curtis and said this issue is an important one in terms of tracking opioid abuse in Alaska.

7:55:26 AM

MS. CURTIS added that the division is conducting a sunset audit of the Board of Pharmacy, as well as "doing a deeper dive into compliance across all occupations with that particular database." In response to Chair von Imhof, she confirmed that

that information would appear before the Legislative Budget and Audit Committee in the next 12 months.

7:55:43 AM

SENATOR REINBOLD, regarding disciplinary action, asked whether it pertained to the database or included other issues, as well.

7:55:57 AM

MS. CURTIS explained that with the Medical Board, certain types of violations must be reported to a national database. She said there were certain fines [the Medical Board] had not realized it had to report on the national level, but the board is now in full compliance.

SENATOR REINBOLD asked, "So, this only has to do with the reporting of the database, nothing else. Is that correct?"

MS. CURTIS replied:

It has nothing to do with the database, actually. It's just ... regular, typical investigations of a licensee when they find that some type of violation has occurred, and they're required to report those. Even if it's ... a fine, or whatever type of action is taken, they have to report that to a national database.

7:57:20 AM

#### **ADJOURNMENT**

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at [7:57] a.m.