

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

January 24, 2023

5:00 p.m.

**MEMBERS PRESENT**

Representative Ben Carpenter, Chair  
Senator Bert Stedman, Vice Chair  
Representative DeLena Johnson  
Representative Sarah Vance  
Representative Frank Tomaszewski  
Representative Andy Josephson  
Senator Bill Wielechowski  
Senator James Kaufman  
Senator Scott Kawasaki

**MEMBERS ABSENT**

Senator Lyman Hoffman  
Senator Click Bishop (alternate)

**OTHER LEGISLATORS PRESENT**

Representative Mike Cronk

**COMMITTEE CALENDAR**

ELECTION OF CHAIR AND VICE CHAIR  
OVERVIEW OF COMMITTEE PROCESS

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

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

**POSITION STATEMENT:** Provided information on the role of the  
Legislative Audit Division.

ALEXEI PAINTER, Legislative Fiscal Analyst  
Legislative Finance Division  
Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Provided information on the role of the Legislative Finance Division.

**ACTION NARRATIVE**

[5:00:46 PM](#)

**SENATOR STEDMAN** called the Legislative Budget and Audit Committee meeting to order at 5:00 p.m. Senators Stedman, Wielechowski, Kawasaki, and Bishop (alternate), and Representatives Carpenter, Vance, Tomaszewski, and Josephson were present at the call to order. Senator Kaufman and Representative Johnson arrived as the meeting was in progress.

**Election of Chair and Vice Chair**

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SENATOR STEDMAN announced that the first order of business would be nominations for the chair and vice chair of the Legislative Budget and Audit Committee.

REPRESENTATIVE VANCE nominated Representative Ben Carpenter as chair of the Legislative Budget and Audit Committee for the Thirty-Third Alaska State Legislature, and she asked that nominations be closed. There being no objection, it was so ordered.

[5:02:07 PM](#)

The committee took a brief at-ease.

[5:02:20 PM](#)

CHAIR CARPENTER opened nominations for the vice chair.

REPRESENTATIVE TOMASZEWSKI nominated Senator Bert Stedman as vice chair of the Legislative Budget and Audit Committee for the Thirty-Third Alaska State Legislature, and he asked that nominations be closed. There being no objection, it was so ordered.

**Overview of Committee Process**

[5:03:10 PM](#)

CHAIR CARPENTER announced that the next order of business would be an overview of the Legislative Budget and Audit Committee's function and processes.

CHAIR CARPENTER offered opening comments, introduced the committee secretary and the Legislative Information Offices (LIO) moderator, and noted that the committee was governed by statute, as opposed to the Uniform Rules. He introduced the Legislative Budget and Audit Committee Handbook [hard copy included in the committee packet], which detailed the authorizing statutes for the committee, and he highlighted key differences about this specific committee.

[5:04:55 PM](#)

The committee took a brief at-ease.

[5:05:04 PM](#)

CHAIR CARPENTER invited Kris Curtis, Legislative Auditor, to explain the interaction between the Legislative Audit Division and the committee.

[5:05:27 PM](#)

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Alaska State Legislature, introduced herself and her staff, noting that she had been with the division for almost 30 years and in her current role for 11 years. She directed attention to the Legislative Budget and Audit Committee Handbook and highlighted its inclusion of the authorizing statutes for the committee and the two permanent staff agencies, identified as the Legislative Audit Division and the Legislative Finance Division. Additionally, the handbook included the committee's formal policies and procedures, which guide the conduct of business. She cited page 39 of the handbook, which listed the formal rules, as well as the dates of adoption. She expressed her belief that the more significant areas included the approval and release of the audit reports and approval of the audit requests, as well as contracts and reimbursement for travel.

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MS. CURTIS discussed the confidential report release procedures outlined on page 47 of the handbook. She emphasized that statute made the audit and performance review process confidential and that it was important for committee members and

staff to take the necessary precautions to protect against the premature release of these documents. She proclaimed that the reports should not be copied or distributed for any purpose. She explained that the reports were first brought to the committee as a preliminary report and distributed for discussion during the executive session. At this time, she would review the recommendations and conclusions presented in the report. When the committee comes out of executive session, a motion to release the report to the agency under review would be voted on. If released, the agency would be asked to formally respond to the report. These formal comments would be forwarded to Ms. Curtis for review and would remain confidential. She continued to explain that she would add these comments to the preliminary report and return it to the committee as a final report at least two days prior to the Legislative Budget and Audit Committee meeting. These reports, she said, would be delivered in a sealed envelope, marked "confidential," and printed on blue paper to distinguish this confidential document from others. The report would then be discussed during an executive session and, after exiting executive session, a vote would be taken to release the report as a final public document.

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MS. CURTIS reported on the status of audit work. She directed attention to the matrix of current audits, titled "DLA Audit Status January 23," [hard copy included in the committee packet]. She relayed that there were six performance audits, five sunset audits, and one statewide financial audit. She noted that the "Office of Children's Services Compliance with Foster Care Reform Parts 2 and 3" was the oldest of the six audit requests and was put on hold until after the pandemic at the committee's request. She reported that the audit work on "Spending on Janus Contracts" had been completed, adding that she expected to bring the preliminary audit report before the committee before the end of session. She shared that the "Oil and Gas Production Tax Audit Process" would be started in the spring or summer [2023]. She went on to list the "Technical Vocational Education Program," noting that the TVEP program was up for sunset in 2024. The "Alaska Information Technology Systems" audit was a security audit, she said, that directed Ms. Curtis to procure the services of Internet technology (IT) security experts to help review the state security systems. She conveyed that four of the five sunset audits were required to be completed by statute and released as documents before the next session starts [in January 2024]. She explained that the sunset follow-up to extend the Board of Chiropractic Examiners included

uncodified law that directed the Legislative Audit Division to provide a status of the recommendations to the committee before June 30, 2023. Finally, the opinion on the Annual Comprehensive Financial Report (ACFR) financial audit was statutorily required to be available by December 15 [2022]. She acknowledged that it was late, adding that she hoped to get the opinion out by mid-January [2023] pending the completion of outside audits, which had not yet been received.

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CHAIR CARPENTER questioned whether the ACFR financial audit could be provided to the committee exclusive of the outside audits. He suggested that the pending outside audits could be supplemented upon completion.

MS. CURTIS indicated that the ACFR was reliant upon that which was missing. She noted that one of the missing pieces was significant to the audit.

[5:14:18 PM](#)

CHAIR CARPENTER invited Alexei Painter, Legislative Fiscal Analyst, to explain the interaction between the Legislative Finance Division and the committee.

[5:14:45 PM](#)

ALEXEI PAINTER, Legislative Fiscal Analyst, Legislative Finance Division, Alaska State Legislature, introduced himself as the director of the division and described the division as "the finance division proper." He shared that the division's primary interaction with the committee would be for Revised Programs Legislative (RPLs), which he described as requests by the executive branch for additional authorization to spend money. He relayed that the Office of Management & Budget (OMB) would submit the RPLs, and that the Legislative Finance Division would review those requests and send them to the committee. He pointed out that even if the committee were to vote down an RPL, the governor may withdraw it or implement it after 45 days. He emphasized that the RPL process was fundamentally advisory, as it would be unconstitutional for the committee to have the power of appropriation. He noted that, per the statutes governing the Legislative Finance Division, the division could take on special projects at the direction of the committee. He invited questions from the committee members.

[5:17:32 PM](#)

REPRESENTATIVE JOSEPHSON asked whether the 45-day timeline was operative for RPLs that had been rejected in December.

MR. PAINTER answered yes, the 45-day timeline began on the day of submission to the legislature.

REPRESENTATIVE JOSEPHSON commented on Mr. Painter's characterization of the Legislative Budget and Audit Committee as "advisory." He sought to confirm that the question of identifying the appropriator was unresolved in some contexts.

MR. PAINTER said the law provided that money may be appropriated conditionally to the Legislative Budget and Audit Committee process. He stated that the power of appropriation remained with the full body that appropriated the additional amounts contingent on the process. He added that the statutory process did not provide the committee with the authority to stop RPLs, as the delegation of that power could not be granted to a committee.

REPRESENTATIVE JOSEPHSON pointed out that the governor could effectively appropriate money during the interim with the RPL process. He asked whether that was a fair analysis.

MR. PAINTER emphasized that, in contrast to making new appropriations, the governor was increasing existing appropriations in accordance with the appropriation in the bill that allowed him to do so.

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MR. PAINTER, in response to a question from Senator Stedman, explained that according to statute, an RPL was appropriate for an unanticipated increase in federal revenue. He reiterated that it must be unexpected revenue that was not anticipated during the budget process. He noted that the legislature could place additional restrictions on the RPL process though the appropriation language.

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SENATOR WIELECHOWSKI asked whether the [Alaska] Supreme Court had ruled on the legality of the RPL process. He characterized the process as "questionable."

MR. PAINTER shared his understanding that the courts had not ruled on the RPL process.

CHAIR CARPENTER offered closing remarks and thanked Ms. Curtis and Mr. Painter for their presentations.

[5:22:27 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 5:22 p.m.