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IN THE HOUSE

BY *Byron Cummings Johnson*
McClintock, Kay, Pelly, & Almon
HOUSE BILL NO. *122*

IN THE LEGISLATURE OF THE TERRITORY OF ALASKA

TWENTY-SECOND SESSION

A BILL

For an Act entitled: "An Act relating to public finance; creating a department of finance, and a division of legislative audit; abolishing certain fiscal offices and agencies; prescribing, conferring and transferring certain fiscal powers and duties; providing for installation of changes, and other fiscal matters; amending Secs. 12-2-1, 12-4-1, 37-10-4(a), ACLA, 1949; repealing Secs. 8-1-8, 8-1-10(9), 10-1-1, 10-1-2, 10-1-5, 10-1-7, 10-1-8, 12-4-3, 14-1-2, ACLA, 1949; repealing Secs. 8-1-1, through 8-1-4, 8-1-7, 8-1-9, 10-1-3, 10-1-4, ACLA, 1949 as repealed and reenacted; repealing Sec. 14-4-1, ACLA, 1949 as amended; repealing Sec. 12-4-2, ACLA, 1949 as amended, repealed and reenacted; making an appropriation; and declaring an emergency."

BE IT ENACTED BY THE LEGISLATURE OF THE TERRITORY OF ALASKA:

Article I

DEFINITIONS AND PURPOSES: DEPARTMENT OF FINANCE

Section 1. SHORT TITLE. This Act may be cited as the "Fiscal Procedures Act of 1955."

Sec. 2. PURPOSE. The purpose of this Act is to provide uniform financial procedures for all Territorial agencies with

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respect to budgeting, accounting, purchasing, post auditing, and related financial procedures; and to revise financial procedures for the purpose of securing economy, efficiency, and integrity in handling public monies.

Sec. 3. DEFINITIONS. For the purpose of this Act the following words and phrases shall have the meanings prescribed in this section:

(a) "Fiscal year," "budget year," "accounting year," or like terms mean a year beginning on July 1st of one calendar year and ending on June 30th of the following calendar year.

(b) "Territorial agencies," "agencies," "departments," or like terms mean all departments, offices, institutions, boards, commissions, bureaus, divisions, or other administrative units forming the Territorial Government of Alaska.

(c) "Treasurer" means the Treasurer of the Territory of Alaska created as described in Section 7-1-1, ACLA, 1949.

(d) "Director" means the Director of the Department of Finance as established in this Act.

(e) "Legislative Auditor" means the Office of Legislative Auditor as created and described in Article IV of this Act.

Sec. 4. DEPARTMENT OF FINANCE. There is hereby created a Department of Finance. The department shall include a Director of Finance, a budget division and a division of accounts and purchases, and such employees and assistants as are authorized or designated pursuant to the provisions of this Act. Under the supervision of the Director of Finance there shall be the following officers: The Budget Officer in charge of the budget division; and the Controller in charge of the division of accounts and purchases. The Director of Finance, the Budget Officer, and the

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Controller shall receive salaries as may be fixed by law. Expenses of the Department shall be provided in the general appropriation act.

Sec. 5. DIRECTOR OF FINANCE. The Director of Finance shall be the chief executive officer and shall direct all functions of the Department subject to applicable provisions of this Act. The Director of Finance shall be appointed by the Governor subject to confirmation by the Legislature. The budget officer and the controller shall be appointed by the Director of Finance and shall serve at the pleasure of the Director of Finance, and each of such officers shall have had at least four years of experience in a responsible position in their respective fields. The Governor shall fill any vacancy in the office of Director of Finance subject to confirmation as provided in this Section.

Sec. 6. DIRECTOR: LEGAL CUSTODY. The Director shall have the legal custody of all records, memoranda, writing, entries, prints, representations or combinations thereof, of any act, transaction, occurrence or event of the Department.

Sec. 7. EMPLOYEES. The Director is authorized to employ and prescribe the duties of such assistants and employees as may be necessary in carrying out the provisions of this Act and as are required and recommended by the budget officer and the controller.

Sec. 8. The Director, the budget officer and the controller, before entering upon their respective duties, shall each execute a good and sufficient bond in the sum of ten thousand (\$10,000.00) dollars payable to the Territory of Alaska, conditioned upon the faithful performance of all duties as are or may be imposed by law. The premium on all such bonds shall be paid in like manner

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as other expenses of the department.

Sec. 9. Except as otherwise specifically provided in this Act the Director shall establish and promulgate rules and regulations with respect to the manner of performance of any power or duty of the department, the execution of any business of the department and its relations to and business with other Territorial agencies, and appeals from the final decisions or final actions of the Director. Such rules and regulations shall be filed with the Secretary of Alaska, and with each agency, and shall govern all agencies affected and the officers and employees thereof in their respective relations to, and business with, the department.

Sec. 10. The following powers and duties as now provided by Territorial law are hereby transferred to and shall be exercised by the department: (a) all powers and duties vested in the Territorial Auditor; (b) the powers and duties vested in the Board of Administration by Sections 10-2-2, ACLA, 1949 (being that section repealed and reenacted by Section 2, Chapter 133, Session Laws of Alaska, 1951, and repealed by Section 1 and reenacted by Section 2, Chapter 24, Session Laws of Alaska, 1953), Sections 13-1-1 and 13-1-4, ACLA, 1949 (being those sections repealed by Section 48, Chapter 133, Session Laws of Alaska, 1951, and reenacted by Section 2, Chapter 24, Session Laws of Alaska, 1953), Section 11-4-3, ACLA, 1949, as amended by Section 1, Chapter 30, Session Laws of Alaska, 1949, Section 12-3-3, ACLA, 1949 (being that section repealed and reenacted by Section 38, Chapter 133, Session Laws of Alaska, 1951, and repealed by Section 1 and reenacted by Section 2, Chapter 24, Session Laws of Alaska, 1953), Section 15-1-1, ACLA, 1949 (being that section repealed and

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1 reenacted by Section 43, Chapter 133, Session Laws of Alaska,
2 1951, and repealed by Section 1 and reenacted by Section 2, Chap-
3 ter 24, Session Laws of Alaska, 1953), Section 11-2-5, ACLA, 1949,
4 and Section 7-1-11, ACLA, 1949, as amended by Section 1, Chapter
5 140, Session Laws of Alaska, 1953.

6 All appropriations, records, papers, documents, equipment,
7 forms, supplies, memoranda, and other public property of whatever
8 kind pertaining to such powers shall be turned over by the res-
9 sponsible officials when and as requested by the Director of
10 Finance.

11 Sec. 11. The Director shall require the submission of
12 financial reports and statements by Territorial agencies in such
13 form and at such times as may be deemed necessary for the proper
14 administration of this Act; and all administrative agencies here-
15 before required to submit reports to the Governor and the Legisla-
16 ture shall submit such reports to the Director. On or before the
17 tenth day after the convening of the Legislature in regular ses-
18 sion, the Director shall submit a consolidated report to the
19 Legislature, which report shall be in lieu of all other reports
20 heretofore required by law to be submitted to the Legislature.
21 The consolidated report shall, among other things, contain a report
22 of the financial transactions of the preceding two fiscal years
23 and the financial condition of the Territory as of the end of each
24 such fiscal year; and said report shall contain such comments and
25 supplementary data as are deemed necessary by the Director.

26 Article II

27 UNIFORM BUDGETING

28 Section 1. BUDGET DIVISION. There is hereby established the
29 budget division within the Department of Finance. The
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1 administrative head of the division shall be the Budget Officer
2 appointed as provided in Section 5 of Article I of this Act.

3 Sec. 2. SAME: GENERAL POWERS AND DUTIES. In general, but
4 not by way of limitation, and subject to other applicable pro-
5 visions of this Act and to other laws not inconsistent therewith,
6 the budget officer shall:

7 (a) Keep in continuous contact with the operations,
8 plans and needs of Territorial agencies, and with the sources
9 and amounts of revenue and other receipts of the Territory.

10 (b) Prepare the budget report for submission to the
11 Legislature.

12 (c) Analyze the quantity and quality of services
13 rendered by each agency, and the needs for such services and for
14 any new service.

15 (d) Conduct continuous studies of, and issue direc-
16 tives with respect to, space utilization, to insure that high
17 standards of utilization are maintained and that assignments of
18 space are made on the basis of need, both as to area and type
19 of accommodation.

20 (e) Recommend to the Legislature a uniform personnel
21 policy in the Territorial service, relating to the appointment,
22 promotion, salaries and conditions of work of all Territorial
23 employees.

24 (f) Have the care and custody of all buildings of the
25 Territory, except those under the care of officers of the Uni-
26 versity of Alaska, the Commissioner of Education, and the Board
27 of Trustees of the Pioneers' Home.

28 (g) Prepare a draft of a general appropriation bill
29 reflecting the provisions of the budget report, and submit copies

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of the same to the proper committees of the Legislature for their consideration.

(h) Report to the Governor and to the Legislature on the operation of the budget system, and advise and assist the Legislature, and its committees upon request, concerning matters related to the Budget.

Sec. 3. PREPARATION OF BUDGET. The budget officer shall prepare the budget report for submission to the Legislature. The budget officer shall, on or before September first of each year preceding a regular legislative session, furnish every agency with a sufficient number of budget estimate forms. The budget officer shall prescribe the time and manner in which such forms shall be completed, and may require any information on detail, work programs, supplemental and supporting data, and such information as may be necessary to carry out the provisions of this Act.

Sec. 4. HEARINGS. Not later than November first of the year preceding a regular legislative session, the budget officer shall notify each agency in writing of any revision of its requests and the agency affected may request a hearing thereon which request shall be filed not later than November tenth of such year. If requested, the budget officer shall hold hearings on the tentative budget at which the administrative head of each agency or his representative shall be entitled to be heard. The hearings provided shall begin on the twentieth day of November of such year and shall continue until all requests for hearings have been disposed of, but not later than December fifteenth of such year.

Sec. 5. COOPERATION WITH GOVERNOR. The Governor, or his representative, shall be entitled to attend all hearings on tentative budgets. The budget officer shall cause the budget report to

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be printed within four weeks after conclusion of the hearings thereon, and copies thereof shall be presented to the Governor for his review and made available to the public. A copy of the budget report shall be presented to each member of the Legislature within five days after the convening of the regular session.

Sec. 6. **CONTENTS OF BUDGET REPORT.** The budget report shall include three parts, the nature and contents of which shall include, but not be limited to, the following:

(a) Part one shall consist of a general budget summary setting forth the aggregate figures of the budget so as to show the relation between the total proposed expenditures and the total anticipated income, and the means of financing the budget for the ensuing budget period, compared to the corresponding figures for at least the last completed fiscal year and estimates for the current fiscal year. The general budget summary may be supported by explanatory schedules or statements, classifying the expenditures contained therein by agencies, objects, and funds, and the income by agencies, funds, sources, and types. The general budget summary shall include all special funds as well as the general fund, and shall include the estimated amounts of federal aids, for whatever purpose provided, together with estimated expenditures therefrom.

(b) Part two shall embrace the detailed budget estimates, both of expenditures and revenues, including all special funds and federal funds, showing the requests of all agencies and the budget officer's recommendations thereon.

(c) Part three shall consist of a draft of an appropriation bill, or bills, reflecting the budget recommendations of the budget officer. The budget officer shall, upon request,

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furnish the Legislature, or its committees, with any further information required concerning the budget.

Sec. 7. GOVERNOR'S BUDGET MESSAGE. The Governor may submit a message to the Legislature which reflects his recommendations with regard to changes in the budget which he feels will be to the best interest of the Territory. He may accompany such recommendations with any information he deems useful to the Legislature in making appropriations for the succeeding biennium.

Article III

UNIFORM ACCOUNTING AND PURCHASING

Section 1. GENERAL POWERS. There is hereby created the division of accounts and purchases within the Department of Finance. The administrative head of the division shall be the Controller appointed as provided in Section 5 of Article I of this Act. In general, but not by way of limitation, and subject to other laws not inconsistent herewith, the Controller shall have the powers and duties prescribed in this Article.

Sec. 2. ACCOUNTING SYSTEM. The Controller shall maintain centralized accounting records which shall include the general and controlling accounts of the Territory and which shall be coordinated with the accounting records maintained by agencies of the Territorial Government. The Territorial agencies shall maintain such classification of accounts and reports as shall be prescribed and shall submit such reports and statements as may be required in order to carry out the provisions of this Act.

Sec. 3. SAME; FUNDS AND ACCOUNTS. The accounting system shall be in accordance with accepted principles of governmental (fund) accounting and shall include both budgetary and property accounts.

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1 The system shall provide records showing at all times by
2 funds, accounts, and other pertinent classifications, the amounts
3 appropriated, the estimated revenues, actual revenues or receipts,
4 the amounts available for expenditure, the total expenditures, the
5 unliquidated obligations, actual balances on hand and the unen-
6 dumbered balances of appropriations for each Territorial agency.

7 **Sec. 4. PROPERTY RECORDS.** The Controller shall direct the
8 use of inventory records by all Territorial agencies to show all
9 fixed and movable property of the Territory. The records shall
10 be based on a physical inventory and shall be charged with all
11 subsequent purchases and shall be reduced by all property traded
12 in, condemned or otherwise disposed of. The accuracy of such pro-
13 perty record shall be verified periodically by actual inspection
14 of such property by the Controller, or by employees under super-
15 vision of the Controller. The Territorial agencies may be re-
16 quired to take physical inventory of such properties annually and
17 at such other times as the Controller may direct.

18 **Sec. 5. OBLIGATIONS; MON INCURRED AND PAID.** No payment shall
19 be made and no obligation shall be incurred against any fund unless
20 the Controller shall first certify that his records disclose that
21 there is a sufficient unencumbered balance available in such fund
22 and that an appropriation or expenditure authorization has been
23 made for the purpose for which it is intended to incur the obli-
24 gation.

25 **Sec. 6. PRE-AUDIT OF CLAIMS.** The Controller shall examine
26 and audit every receipt, account, bill, claim, refund, and demand
27 on the funds in the Territorial Treasury arising from activities
28 carried on by Territorial agencies. He shall ascertain whether or
29 not the obligation has been incurred in accordance with laws and

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1 rules or regulations promulgated under authority of law, and that
2 the account is correct and is unpaid. The Controller shall not
3 approve for payment any account, bill, claim, refund or demand on
4 funds in the Territorial Treasury unless such claim is ordered by
5 Act of the Legislature or was contracted against the Territory by
6 a duly authorized officer or agent of the Territory in pursuance
7 of law.

8 Sec. 7. PRE-AUDIT OF RECEIPTS. The Treasurer shall transmit
9 to the Controller copies of all receipt documents showing all re-
10 cepts received by the Treasurer. Such receipt documents shall be
11 audited, examined, and the amounts thereof shall be entered in
12 the proper accounts in the records of the Controller. The
13 Director of Finance and the Treasurer shall have power to make
14 regulations to provide the system for providing current receipt
15 documents.

16 Sec. 8. FISCAL REPORTING AND STATISTICS. The Controller
17 shall:

18 (a) At least once each month and annually, prepare
19 reports as of the close of the preceding month or fiscal year
20 showing the financial condition of each fund as of the close of
21 the respective periods and the transactions of each fund for such
22 month or fiscal year.

23 (b) File with the Governor and with the budget officer
24 on or before the fifteenth day of September, a report of the
25 financial transactions of the preceding fiscal year and of the
26 financial condition of the Territory as of the end of that year,
27 with such comments and supplementary data as he may deem necessary.
28 This report shall be printed for the information of the Legisla-
29 ture and the public.

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(c) Compile statistics necessary for the budget and such other statistics as may be required by the Director of Finance from time to time.

Sec. 8. Section 12-2-1, Alaska Compiled Laws Annotated, 1949 (being that section repealed by Section 48, Chapter 133, Session Laws of Alaska, 1951 and reenacted by Section 2, Chapter 24, Session Laws of Alaska, 1953) is hereby amended so as to read as follows:

Sec. 12-2-1. TERRITORIAL MONIES; ACCOUNTING AND PAYMENT TO TERRITORIAL TREASURER: DEPOSIT IN PROPER FUND /COVERING INTO GENERAL FUND/. Every office, board, commission or bureau authorized to collect or receive any fees, licenses, taxes, or other money, and every office, commission or bureau of the United States, or other authorized agency, authorized to collect any fees, licenses, taxes or other money belonging to this Territory, shall account for and pay such fees, licenses, taxes or other money, less any fees he may be entitled to under existing law, to the Territorial Treasurer at least once each month and the same shall be /COVERED INTO THE GENERAL FUND/ deposited to the credit of the proper fund.

Sec. 9. PURCHASER; GENERAL POWERS AND DUTIES. The Controller shall employ a purchasing agent. In general, but not by way of limitation, and subject to other applicable provisions of this Act and to other laws not inconsistent therewith, the Controller, or the purchasing agent under the supervision of the Controller, and in accordance with rules and regulations promulgated as provided in Section 9 of Article I of this Act, shall:

(a) Purchase, rent or otherwise provide for the fur-

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1 making of supplies, materials, equipment or contractual services
2 for all Territorial agencies.

3 (b) Have power to authorize any agency to purchase
4 directly certain specified supplies, materials, equipment, or
5 contractual services under conditions and procedures prescribed
6 in Section 11 of this Article.

7 (c) Prescribe the manner in which supplies, materials,
8 and equipment shall be purchased, delivered, stored, and distri-
9 buted.

10 (d) Prescribe the time, manner, authentication and form
11 of making requisitions for supplies, materials, equipment and
12 contractual services.

13 (e) Fix standards of quality and quantity and develop
14 standard specifications in consultation with the several Terri-
15 torial agencies.

16 (f) Have power to transfer to or between agencies or
17 to sell or trade in supplies, materials and equipment of agencies
18 which are surplus, obsolete, or unused; and the Controller shall
19 make proper adjustments in the accounts of the agencies concerned.

20 (g) Prescribe the manner of inspecting all deliveries
21 of supplies, materials, and equipment and of making tests of
22 samples submitted with bids and samples of deliveries to deter-
23 mine compliance with specifications.

24 (h) Prescribe the amounts of, accounting for and dis-
25 position of deposit or bond, if required, to be submitted with a
26 bid or contract and the amount of bond to be given for the faith-
27 ful performance of a contract.

28 (i) Provide for such other matters as may be necessary
29 to carry out the provisions of this Act and the rules and regu-

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lations promulgated hereunder; Provided, however, that nothing in this section shall be construed to empower the Controller or Director of Finance to determine the propriety of or necessity for any purchase made in accordance with this Act.

Sec. 10. COMPETITIVE BIDS. In the manner as provided in this Act and rules and regulations established thereunder:

(a) All contracts for construction and repair, and all purchases of and contracts for supplies, materials, equipment, and contractual services shall be based on competitive bids, and awards shall be made to the lowest responsible bidder after advertising for bids as herein provided; except that competitive bids need not be required for contractual services where no competition exists; or sales in an established market; or when, in the judgment of the Controller, food, clothing or medical supplies, or materials for use in laboratory and experimental studies may be purchased otherwise to the best advantage of the Territory, or where rates are fixed by law or ordinance; or for items traded in on like items.

(b) If the amount of the purchase or sale is estimated to exceed One Thousand Dollars (\$1,000.00) sealed bids shall be solicited by publication in a newspaper as near as possible to the place where the contract is to be performed or in the town in which the head office and administration is situated; such publication to be made at least once each week for a period of three weeks, and by posting notices in three public places within the town where the work is to be performed or material furnished. In addition thereto the Controller may also designate a trade journal for such publication. The Controller shall also solicit such bids by sending notices by mail to all active prospective bidders known

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1 to him. All bids shall be sealed when received, and shall be
2 opened in public at the hour stated in the notice.

3 (c) All purchases or sales estimated to exceed approxi-
4 mately Two Hundred Fifty Dollars (\$250.00) but not more than One
5 Thousand Dollars (\$1,000.00), shall be made after receipt of
6 sealed bids following a call for bids issued not less than seventy-
7 two hours by posting notices in three public places within the
8 town where the work is to be performed or material furnished, or
9 the town nearest to where the work is to be performed or material
10 furnished. The Controller may also solicit sealed bids by mail
11 by sending notices to all active prospective bidders known to
12 him. All bids shall be sealed when received, and shall be opened
13 in public at the hour stated in the notice.

14 (d) All purchases or sales estimated to be less than
15 approximately Two Hundred Fifty Dollars (\$250.00) may be made
16 either upon competitive bids or in the open market, in the dis-
17 cretion of the Controller; but, so far as practicable, shall be
18 based on at least three competitive bids and recorded as provided
19 in Section 11 of this Article; Provided, authorization may be
20 given to any Territorial agency to make emergency purchases or
21 small purchases of less than Twenty-five dollars (\$25.00) on the
22 open market, such purchases may be by cash payment from petty
23 cash accounts set aside for that purpose. The Controller may
24 determine the amount of such petty cash accounts needed by each
25 of the several Territorial agencies, and shall inspect such accounts
26 from time to time, but at least once each year, to determine that
27 the total of petty cash plus amounts of receipts for unreplenished
28 disbursements is equal to the fixed sum of cash set aside. Short-
29 aged in such petty cash accounts shall be a personal liability of

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the responsible head of the agency to which such account has been set aside. The Controller shall make all necessary rules and regulations governing use of and replenishment of such petty cash funds.

Sec. 11. SAME: AWARD OF CONTRACTS AND PURCHASES; RECORD.

All contracts and purchases made by or under the supervision of the Controller for which competitive bids are required shall be awarded to the lowest responsible bidder, taking into consideration conformity with the specifications, terms of delivery, and other conditions imposed in the call for bids. Any or all bids may be rejected, and a bid shall be rejected if it contains any material alteration or erasure. The Controller may reject the bid of any bidder who is in arrears on taxes due the Territory or who has failed to perform on a previous contract with the Territory. In any case where competitive bids are required and where all bids are rejected, new bids shall be called for as in the first instance. Before the awarding of any contract for a building or the making of repairs upon any buildings, the Controller shall see that the bids conform with plans and specifications approved by the Highway Engineer. All bids with the names of the bidders and the amounts thereof, together with all documents pertaining to the award of a contract, shall be made a part of a file or record and retained by the Controller for three (3) years, unless reproduced by microfilming, and such files or records shall be open to public inspection at all reasonable times.

Sec. 12. DELEGATION OF DUTIES. The Controller may delegate any of the duties imposed by this Act upon one or more employees of the Territory normally stationed in towns or locations distant from the Territorial capital. Agents so designated shall

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infringe upon nor deprive the executive branch of Territorial Government of rights, powers or duties imposed upon their offices by the Organic Act, or by law, but it is the intent of this article to provide the Legislature with adequate information by which to exercise its valid powers and no others.

Sec. 2. LEGISLATIVE AUDIT COMMITTEE. The President of the Senate, Speaker of the House, Chairman of the Senate Finance Committee, and Chairman of the Ways and Means Committee of the House of Representatives, as such officers are elected at each regular session of the Alaska Legislature, are hereby constituted a Legislative Audit Committee, and the members thereof shall serve as committee members for the entire period of their terms as members of the Legislature, or until their successors have been named and elected in regular session.

Sec. 3. LEGISLATIVE AUDITOR: APPOINTMENT: CONFIRMATION. The Legislative Audit Committee shall appoint by majority vote a Legislative Auditor. The Legislative Auditor shall be a Certified Public Accountant of Alaska, or of any state with requirements equivalent to those of Alaska, with at least five years practice in the profession prior to his appointment, or the equivalent thereof. The name of the person so selected shall be presented to the Legislature if in session at the time of selection. If the Legislature is not in session, he shall, in all respect, carry out the functions, powers and duties as in this Act provided until the next regular session of the Legislature at which time the name of the person selected as Legislative Auditor shall be presented to both houses of the Legislature for confirmation and unless his selection shall be rejected, he shall continue to carry out the functions, powers and duties in this Act provided. The

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Legislative Auditor may be removed at any time by a majority vote of the membership of the Legislative Audit Committee.

Sec. 4. GENERAL POWERS. The Legislative Auditor shall be the head of the Division of Legislative Audit. The Legislative Auditor is vested with the authority and responsibility of auditing each agency of the Territorial Government or any function thereof, receiving appropriated funds, cash funds, or any other funds derived under the authority or by virtue of Territorial law.

Sec. 5. OATH OF OFFICE: BOND. Upon appointment the Legislative Auditor shall qualify by taking the oath of office and executing a bond, to cover his official acts and the acts of his employees, in the sum of Ten Thousand (\$10,000.00) Dollars, conditioned upon the faithful discharge of his duties, with a surety company authorized to do business in Alaska. The premium due the surety company for the execution of such bond shall be paid by the Territory. When a vacancy in the position of Legislative Auditor exists, such position shall be filled by the Legislative Audit Committee by majority action, subject to approval by the Legislature at its next regular session.

Sec. 6. POWERS AND DUTIES. The Legislative Auditor shall have authority and it shall be his duty:

(a) To perform an audit of all accounts, books and other financial records of the Territorial Government or any officer of the Territory, to include but not be limited to, every department, board, bureau, institution, commission, or agency, and to prepare a written report or reports of such audit or audits to the Legislature;

(b) To examine and audit personally, or by his duly authorized assistants, all fiscal books, records and accounts of

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1 all custodians of public funds, and of all disbursing officers of
2 the Territorial Government of Alaska, making independent verifica-
3 tion of all assets, liabilities, revenues and expenditures of the
4 Territory and agencies thereof now in existence or hereafter
5 created. Nothing in this Act shall be so construed as to give the
6 Legislative Auditor the authority to audit cities, school districts,
7 or other political subdivisions of the Territory;

8 (c) To cooperate with Territorial agencies by offering
9 such advice and assistance as may be requested of the Legislative
10 Auditor for the establishment or improvement of the accounting
11 system used by the various agencies;

12 (d) To require the aid and assistance of all execu-
13 tives and officials, auditors, accountants, and other employees of
14 each and every agency at all times in the inspection, examination
15 and audit of any and all books, accounts and records of the
16 several departments;

17 (e) To have access at all times to all of the books,
18 accounts, reports, confidential or otherwise, vouchers, or other
19 records of information in any Territorial agency. Nothing in this
20 Section shall be construed as authorizing or permitting the publi-
21 cation of information now or hereafter prohibited by law.

22 Sec. 7. REPORTS. Copies of each audit report shall be filed
23 with the agency concerned, the Governor of Alaska, the Legislative
24 Audit Committee, and, upon request, to each Legislator or Legis-
25 later-elect. The Legislative Auditor shall file a biennial re-
26 port with the Legislative Audit Committee, the Governor, and each
27 member of the Legislature within five days after the convening of
28 each regular session of the Legislature. Each biennial report
29 shall contain, among other things, copies of, or the substance of

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reports made to the various agencies, as well as a summary of recommendations made in regard thereto. All reports shall be open to public inspection.

Sec. 8. **RECOMMENDATIONS.** All recommendations submitted by the Legislative Auditor shall be confined to those matters properly coming within his jurisdiction, which is to see that the laws passed by the Legislature dealing with the expenditure of public monies are in all respects carefully observed, and that the attention of the Legislature is directed to all cases of violations of the law and to those instances where there is need for change of existing laws or the passage of new laws to secure the efficient spending of public funds; and to the manner or form of appropriations which will avoid any such improper expenditure of money in the future.

Sec. 9. **SPECIAL AUDIT.** Any member of the Legislature may, by written request and by written notice of at least six days, request the Legislative Audit Committee to direct any special audit of any agency, and upon the vote of the majority of the Legislative Audit Committee approving such request, the Legislative Auditor shall make such audit.

Sec. 10. **RECORDS.** The Legislative Auditor shall keep or cause to be kept, a complete, accurate and adequate set of fiscal transactions of the Division of Legislative Audit. He shall also keep a complete file of copies of all audit reports, examinations, investigations, and any and all other reports or releases issued by him or his office, and a complete file of audit work papers and other evidence pertaining to the work of the Division of Legislative Audit.

Sec. 11. **OFFICE SPACE, DISBURSING OFFICER.** The agency in

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charge of the Alaska Office Building is hereby directed to furnish suitable quarters for the Division of Legislative Audit. The Legislative Audit Committee shall designate a disbursing officer for the Division of Legislative Audit and all vouchers issued in payment of salaries and expenses incurred in the operations of the Division of Legislative Audit shall be approved by the disbursing officer before they are paid.

Sec. 12. EMPLOYEES: POLICY. The Legislative Auditor shall be free to select the most efficient personnel available for all positions in the Division of Legislative Audit authorized by appropriation, to the end that he may render to the members of the Legislature that service which they have a right to expect. It is the intention and desire of the Legislature to free the Legislative Auditor and his staff from partisan politics.

Sec. 13. PROHIBITIONS. The Legislative Auditor shall not serve in any ex officio capacity on any administrative board or commission, or have any financial interest in the transactions of any agency.

Sec. 14. OATHS: SUMMONS: SANCTIONS. The Legislative Auditor shall have the power in making any audit or examination to administer oaths and cause to be summoned to appear with such papers, files, or records as may be named in the summons, any person or persons whose testimony may be deemed necessary in such audit or examination. Any person who willfully fails or refuses to appear and testify or submit papers, files, and records material and pertinent to the examination, or willfully refuses to answer any material or pertinent questions propounded to him by the Legislative Auditor shall be deemed guilty of a misdemeanor and upon conviction by a court of competent jurisdiction, shall be

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1 fined in any sum not less than One Hundred (\$100.00) Dollars; nor
2 more than Five Hundred (\$500.00) Dollars; any person appearing
3 and willfully or corruptly giving any false testimony that is
4 material and pertinent to the examination, shall be deemed guilty
5 of a perjury and upon conviction by a court of competent juris-
6 diction shall be imprisoned not less than two (2) years nor more
7 than five (5) years. Any person summoned to appear shall receive
8 the same compensation as is received by persons serving as a wit-
9 ness before the Legislature as provided in Section 4-4-5, Alaska
10 Compiled Laws Annotated, 1949.

11 Sec. 15. VERIFICATION OF DEPOSITS. In verifying any of the
12 audits made, the Legislative Auditor shall have the right to
13 ascertain the amounts on deposit, in any bank or banks, belonging
14 to any agency required to be audited, and shall have the right
15 to audit said account on the books of such bank. No bank shall
16 be liable for making available to the Legislative Auditor any of
17 the information required under the provisions of this Section.

18 Sec. 16. TRANSFER OF RECORDS. Copies of all audit reports
19 heretofore possessed by the Territorial Auditor shall be trans-
20 ferred to the Division of Legislative Audit upon request of the
21 Legislative Auditor.

22 Sec. 17. PAYMENT OF SALARIES AND EXPENSES. The salary of
23 the Legislative Auditor and the other employees of the Division
24 of Legislative Audit shall be paid in the same manner and through
25 the same procedure used for the payment of salaries of other
26 Territorial employees. Expenses of the Division of Legislative
27 Audit shall be included in the general appropriation bill.

28 Article V

29 GENERAL FISCAL MATTERS

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1 Section 1. FEDERAL FUNDS. Federal funds received by any
 2 agency shall be deposited in the Territorial Treasury and dis-
 3 bursed in the same manner as other Territorial monies as provided
 4 in this Act and other laws not inconsistent herewith and shall be
 5 subject to the fiscal controls imposed by this Act, except where
 6 Federal laws or regulations of the Federal agency making such funds
 7 available to the Territory prevent such funds from being deposited,
 8 appropriated, allocated, accounted for, or expended as provided by
 9 this Act and other laws not inconsistent herewith.

10 Sec. 2. Section 12-4-1, Alaska Compiled Laws Annotated, 1949,
 11 (being that section repealed and reenacted by Section 30, Chapter
 12 133, Session Laws of Alaska, 1951, and repealed by Section 1 and
 13 reenacted by Section 2, Chapter 24, Session Laws of Alaska, 1953),
 14 is hereby amended so as to read as follows:

15 Sec. 12-4-1 FISCAL YEAR: ACCOUNTING AND PERFORMING
 16 DUTIES WITH REFERENCE THERETO. The fiscal year of the Terri-
 17 tory shall commence on the first day of JULY ~~JANUARY~~ of
 18 each year and shall close at midnight on the 30th day of
 19 JUNE ~~FIRST DAY OF DECEMBER~~ next succeeding, and all accounts
 20 of the Treasurer or of other Territorial officers whose
 21 accounts are in any way connected with the Treasury shall be
 22 kept, and all duties of such Treasurer and other officers
 23 shall be performed, with reference to the beginning and
 24 ending of the fiscal year as herein provided.

25 Sec. 3. Subsection (e) of Section 37-10-4, Alaska Compiled
 26 Laws Annotated, 1949, is hereby amended so as to read as follows:

27 (e) FISCAL YEAR. The Federal fiscal year shall be the
 28 fiscal year of the University ~~PROVIDED, HOWEVER THAT THE~~
 29 ~~BIENNIAL REPORT REQUIRED TO BE SUBMITTED TO THE TERRITORIAL~~

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1 REVISIONS SHALL BE ON THE BASIS OF THE CALENDAR YEAR.

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Article VI
INSTALLATION OF SYSTEM

Section 1. INSTALLATION; BY WHOM. The Governor is authorized to employ a professional accountant or accountants to revise the system of, and forms, books and records used for, Territorial accounting, in accordance with the provisions of Article III of this Act, and to prepare, revise and establish the procedures and forms for installation of the system of purchasing in accordance with the provisions of Article III of this Act.

Sec. 2. TIME OF INSTALLATION. The procedures, forms, and system required by this Act, shall be installed and put into use in all agencies on July 1, 1955; Provided, that if the installing accountant or accountants be unable to complete the revision of the system and forms, the Governor may extend the time of such installation not to exceed ninety days, but reports, records, and accounts shall be kept on the basis of the fiscal year whether or not such installation be delayed.

Sec. 3. APPROPRIATION. There is hereby appropriated to the Governor, the sum of Ten Thousand (\$10,000.00) Dollars, out of any moneys in the General Fund not otherwise appropriated, for the purpose of hiring a person or firm to make the installation required by this Article and the purchase of any books or forms required by this Act in an amount and number sufficient for the central accounts and records for the biennium ending June 30, 1957; Provided, that the amount herein appropriated shall be the maximum required for said purpose, and the installation shall be so delayed as not to require any additional sum for said biennium.

Article VII

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GENERAL PROVISIONS

Section 1. INTERPRETATION OF ACT. It is intended that the provisions of this Act shall be construed as supplemental to all other laws of Alaska not in conflict with this Act, and that this Act shall be construed as repealing only those laws specifically repealed hereinafter, unless such laws are in direct conflict with this Act in which case the provisions of this Act shall apply.

Sec. 2. REPEALER. The following Acts or parts of Acts are hereby repealed: Subsection (9) of Section 8-1-10, Sections 8-1-8, 10-1-1, 10-1-2, 10-1-5, 10-1-7, 10-1-8, 12-4-3, 14-1-2, ACLA, 1949; and Sections 8-1-1, 8-1-2, 8-1-3, 8-1-4, 8-1-9, 10-1-3, 10-1-4, ACLA, 1949, as repealed by Chapter 133, SLA, 1951, and reenacted by Chapter 24, SLA, 1953; and Section 8-1-7, ACLA, 1949, as repealed by Chapter 119, SLA, 1949 and repealed by Chapter 133, SLA, 1951, and reenacted by Chapter 24, SLA, 1953; and Section 14-4-1, ACLA, 1949, as amended by Chapter 15, SLA, 1953; and Section 12-4-2, ACLA, 1949, as amended by Chapter 101, SLA, 1949 and repealed by Chapter 133, SLA, 1951, and reenacted by Chapter 24, SLA, 1953.

Sec. 3. EMERGENCY CLAUSE. An emergency is hereby declared to exist and this Act shall take effect and be in force immediately upon its passage and approval, or upon its becoming law without such approval; Provided, however, that it is recognized that several months will be required for the preparation and installation of the systems contemplated by this Act; and, that with respect to the several Articles of this Act, it is hereby declared to be the intent and purpose herein to make certain of the provisions effective in the following order:

(a) Article I shall take effect immediately, provided

1 that until such time as a Director of Finance has been selected
 2 and qualified, the Territorial Auditor shall continue to perform
 3 his duties as heretofore directed and empowered, but not longer
 4 than until July 1, 1955;

5 (b) Article II shall take effect immediately;

6 (c) Article III shall take effect from time to time as
 7 established by the Governor upon certification by the accountants
 8 provided for in Article V that the books, systems, manuals, and
 9 forms are available and the installation of the system or partial
 10 installation of any of the procedures provided herein has been
 11 completed, but all of such procedures shall be put in effect not
 12 later than September 30, 1955;

13 (d) Articles IV, V, VI and VII shall take effect im-
 14 mediately; and it is hereby declared to be the intent and policy
 15 of the Legislature that the Governor shall proceed to implement
 16 the provisions of this Act as quickly as possible, in order to
 17 secure the advantages of economy, efficiency, and integrity in
 18 the handling of public funds.