

1 IN THE HOUSE

BY THE LEGISLATIVE COUNCIL

2 HOUSE BILL NO. 6

3 IN THE LEGISLATURE OF THE TERRITORY OF ALASKA

4 TWENTY-THIRD SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public finance, correct-
7 ing and supplementing certain provisions of
8 Chapter 82, SLA 1955 dealing with financial
9 reports, uniform budgeting, uniform account-
10 ing, uniform purchasing, and the Legislative
11 post audit; amending Articles I, II, III, IV
12 and V of Chapter 82, SLA 1955; amending Sub-
13 section (b) of Sec. 7-1-6, ACLA 1949, as re-
14 pealed and reenacted by Ch. 133, SLA, 1951,
15 and as repealed and reenacted by Ch. 24, SLA
16 1953; amending Subsection (e) of Sec. 7-1-6,
17 ACLA 1949; repealing Subsection (3) of Sec.
18 3, Art. IV, Ch. 82, SLA 1955, Subsections (c),
19 (d), (f) and (g) of Sec. 7-1-6, ACLA 1949,
20 and Subsection (1) of Sec. 8-1-10, ACLA 1949;
21 repealing and reenacting Sec. 11-3-7, ACLA
22 1949; and declaring an effective date."

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

24 Section 1. Subsection (2) of Sec. 3, Art. I of Ch. 82, SLA
25 1955, is hereby amended to read as follows:

26 (2) "Territorial Agencies," "Territorial Agency,"
27 "AGENCIES," "Agencies," "Agency," "Departments," or like
28 terms mean all departments, offices, institutions, boards,
29 commissions, bureaus, divisions, or other administrative units

1 forming the Territorial Government of Alaska. For purposes of
2 this Act, the Alaska Pioneers' Home shall be deemed a "Terri-
3 torial Agency."

4 Sec. 2. Sec. 11 of Article I of Ch. 82, SLA 1955, is hereby
5 amended to read as follows:

6 Sec. 11. The Director shall require the submission of
7 financial reports and statements by Territorial agencies in
8 such form and at such times as may be deemed necessary for the
9 proper administration of this Act []; AND ALL ADMINISTRATIVE/
10 All Territorial agencies heretofore required to submit re-
11 ports to the Governor and the Legislature shall, at least
12 sixty days prior to the convening of the Legislature, submit
13 such reports to the Director [], together with a short,
14 narrative summary thereof, not to exceed 1,000 words. On or
15 before the tenth day after the convening of the Legislature
16 in regular session, the Director shall submit a consolidated
17 report to the Legislature, which report shall be in lieu of
18 all other reports heretofore required by law to be submitted
19 to the Legislature. The consolidated report shall, among
20 other things, contain a report of the financial transactions
21 of the preceding two fiscal years and the financial condition
22 of the Territory as of the end of each such fiscal year; and
23 said report shall contain such comments and supplementary
24 data as are deemed necessary by the Director.

25 Sec. 3. Subsection (6) of Sec. 2, Article II of Ch. 82,
26 SLA 1955, is hereby amended to read as follows:

27 (6) Have the management, care and custody of all build-
28 ings of the Territory, except: (a) those buildings under the
29 care of officers of the University of Alaska, the Commis-

1 officer of Education, AND the Board of Trustees of the
2 Pioneer's Home [.]; and (b) those health centers
3 administered by the Alaska Department of Health.

4 Sec. 4. Sec. 2, Article 111 of Ch. 82, SLA 1955 is hereby
5 amended to read as follows:

6 Sec. 2. ACCOUNTING SYSTEM. The Controller shall main-
7 tain centralized accounting records which shall include the
8 general and controlling accounts of the Territory, AND
9 WHICH SHALL BE COORDINATED WITH THE ACCOUNTING RECORDS MAIN-
10 TAINED BY AGENCIES OF THE TERRITORIAL GOVERNMENT.] The
11 Territorial agencies shall prepare and transmit such docu-
12 ments MAINTAIN SUCH CLASSIFICATION OF ACCOUNTS AND REPORTS
13 as shall be prescribed and shall submit such reports and
14 statements as may be required in order to carry out the pro-
15 visions of this Act. Statistical or cost accounts related
16 to the control accounts may be maintained by the Controller
17 or by the agency as may be determined by the Director. In
18 no event shall duplicate accounting records be maintained in
19 the Territorial agencies and the Department of Finance.

20 Sec. 5. Article 111 of Ch. 82, SLA 1955, is hereby amended
21 to include a section to read as follows:

22 **D** Sec. 9. TRANSFER OF ACCOUNTING FUNCTIONS. All fiscal
23 **X** accounting functions heretofore performed by the agencies are
24 **L** to be transferred to the Department of Finance upon written
25 **E** direction of the Director. All accounting machines, equip-
26 **R** ment, supplies and records used for such accounting functions
27 **T** within the agency involved shall be transferred to the
28 **M** Department of Finance without charge or reimbursement upon
29 **E** written request of the Director. The calculable savings to
30

1 the agencies resulting from such transfers shall be im-
2 pounded by the Director and be covered into the General
3 Fund as part of the unappropriated balance. Such calculable
4 savings shall then serve in effect to offset those General
5 Fund appropriations made to the Department of Finance for
6 purposes of performing centralized accounting, purchasing
7 and related functions. Such calculable savings shall be im-
8 pounded from both General Fund appropriations and monies
9 from other funds available to the agencies involved in the
10 transfer.

11 Sec. 6. Subsection (5) of Sec. 1, Article IV of Ch. 82, SLA
12 1965 is hereby amended to read as follows:

13 (5) Fix standards of quality and quantity and develop
14 standard specifications IN after consultation with the
15 several Territorial agencies 7 and approve or determine
16 final specifications.

17 Sec. 7. Subsection (8) of Sec. 1, Article IV of Ch. 82, SLA
18 1965 is hereby amended to read as follows:

19 (8) Prescribe standard forms for bids and contracts for
20 construction, purchases of supplies, and other purposes, which
21 bids and contracts may contain such provisions as the purchas-
22 ing agent shall deem necessary; Provided, however, all con-
23 tracts for construction shall require a penalty provision for
24 failure to perform the contract according to the terms thereof
25 AS THE CASE MAY BE, SHALL CONTAIN IN THEIR PROVISIONS THE
26 FOLLOWING: (A) ALL BIDS SHALL BE ACCOMPANIED BY A BID BOND OF
27 10% TO BE RETURNED TO THE BIDDER FOLLOWING THE BID OPENING,
28 WITH THE EXCEPTION OF THAT OF THE SUCCESSFUL BIDDER, WHOSE BID
29 BOND SHALL BE RETAINED UNTIL THE PERFORMANCE OF THE CONTRACT;

1 (B) ALL CONSTRUCTION CONTRACTS SHALL REQUIRE A PERFORMANCE
2 BOND EQUAL TO 50% OF THE AMOUNT OF THE BID POSTED AT A TIME
3 SPECIFIED IN THE CONTRACT , AND UPON RECEIPT OF THE PER-
4 FORMANCE BOND, THE CONTRACTOR'S BID BOND MAY BE RETURNED;

5 (C) ALL CONTRACTS SHALL REQUIRE FORFEITURE OF THE BID OR
6 PERFORMANCE BOND UPON FAILURE TO PERFORM THE CONTRACT WITHIN
7 THE TIME SPECIFIED BY THE CONTRACT.

8 Sec. 8. Subsection (2) of Sec. 3, Article IV of Ch. 82,
9 SLA 1939, is hereby amended to read as follows:

10 (2) If the amount of the contractual services, pur-
11 chase or sale is estimated to exceed One Thousand Dollars
12 (\$1,000.00) sealed bids shall be solicited, when practicable,
13 by publication in a newspaper calculated to reach pro-
14 gressive bidders AS NEAR AS POSSIBLE TO THE PLACE WHERE THE
15 CONTRACT IS TO BE PERFORMED OR IN THE TOWN IN WHICH THE HEAD
16 OFFICE AND ADMINISTRATION IS SITUATED; SUCH PUBLICATION TO
17 BE MADE AT LEAST ONCE EACH WEEK FOR A PERIOD OF THREE WEEKS,
18 and by posting notices in THREE public places within the
19 area TOWN where the work is to be performed or material
20 furnished. In addition thereto the Purchasing Agent may also
21 designate a trade journal for such publication. The Pur-
22 chasing Agent shall also solicit such bids by sending notices
23 by mail to all active prospective bidders known to him. All
24 bids shall be sealed when received, and shall be opened in
25 public at the hour stated in the notice. Provided, however,
26 if found to be in the best interests of the Territory by the
27 Board of Examiners, direct negotiation by the Purchasing
28 Agent shall be authorized.

29 Sec. 9. Subsection (4) of Sec. 3, Article IV of Ch. 82, SLA

1 1955, is hereby amended to read as follows:

2 (4) All contractual services, purchases or sales
3 estimated to be less than approximately One Thousand Dollars
4 ~~(\$1,000.00)~~ TWO HUNDRED FIFTY DOLLARS (\$250.00) may be
5 made either upon competitive bids in accordance with sub-
6 section (2) hereof or in the open market, in the discretion
7 of the Purchasing Agent; but, so far as practicable, shall
8 be based on at least three competitive bids and recorded as
9 provided in section 4 of this article. PROVIDED,
10 AUTHORIZATION MAY BE GIVEN TO ANY TERRITORIAL AGENCY TO MAKE
11 EMERGENCY PURCHASES OR Small purchases of less than One
12 Thousand Dollars (\$100.00) TWENTY-FIVE DOLLARS (\$25.00) in
13 the discretion of the Purchasing Agent may be made on the
14 open market, and SUCH PURCHASES may be by cash payment from
15 petty cash accounts set aside for that purpose. The Pur-
16 chasing Agent shall MAY determine the amount of such petty
17 cash accounts needed by each of the several Territorial
18 agencies, and shall inspect such accounts from time to time,
19 but at least once each year, to determine that the total of
20 petty cash plus amounts of receipts for unreplenished dis-
21 burgements is equal to the fixed sum of cash set aside.
22 Expenses in such petty cash accounts shall be a personal
23 liability of the responsible head of the agency to whom such
24 account has been set aside. The Purchasing Agent shall make
25 all necessary rules and regulations governing use of and re-
26 plenishment of such petty cash funds.

27 Sec. 10. Article IV of Ch. 82, SLA 1955, is hereby amended to
28 include a Sec. 7 to read as follows:

Sec. 7. PURCHASES THROUGH GENERAL SERVICES ADMINIS-

1 EXPLANATION. Nothing in this Act shall prevent the Purchasing
2 Agent from purchasing through the General Services
3 Administration as provided by law.

4 Sec. 11. Sec. 1, Article V of Chapter 82, SLA 1955, is
5 hereby amended to read as follows:

6 Section 1. LEGISLATIVE INTENT. It is the intent of
7 this article to provide for the auditing of each agency of
8 the Territorial Government for the purpose of furnishing the
9 Legislature with information vital to the discharge of its
10 appropriation and legislative duties. It is hereby deter-
11 mined that adequate information is not available at each
12 biennial session through which the members of the Legis-
13 lature can determine the needs of the various agencies and
14 Departments of Territorial Government; and, that auditing of
15 each agency will furnish necessary information. It is
16 further determined that the sixty-day legislative session
17 is not adequate time in which to audit each agency and that
18 the size and scope of governmental activity has grown to
19 such an extent in recent years that such auditing shall be
20 a continuing process. It is further determined that the
21 proper agency to provide for the impartial auditing is an
22 agency directly responsible to the Legislature in order to
23 be completely independent of the executive branch of Terri-
24 torial Government. It is further determined that a
25 budgetary review and inquiry into future anticipated
26 revenues immediately prior to the convening of the Legis-
27 lature will be beneficial and of great value to the members
28 of both Houses. It is the intent of this article to provide
29 the Legislature with adequate information by which to

1 exercise its valid powers and no others.

2 Sec. 12. Sec. 2, Article V of Chapter 82, SLA 1955, is
3 hereby amended to read as follows:

4 Section 2. LEGISLATIVE AUDIT COMMITTEE: POWERS AND
5 MEMBERS. The President of the Senate, Speaker of the House,
6 Chairman of the Senate Finance Committee, and Chairman of the
7 Ways and Means Committee of the House of Representatives, as
8 such officers are elected at each regular session of the
9 Alaska Legislature, and one member from the Senate and from
10 the House who shall be appointed by the President of the
11 Senate and Speaker of the House, respectively, are hereby
12 constituted a Legislative Audit Committee, and the members
13 thereof shall serve as committee members until the conven-
14 ing of the next regular session of the Legislature /FOR THE
15 ENTIRE PERIOD OF THEIR TERMS AS MEMBERS OF THE LEGISLATURE/,
16 or until their successors have been named and elected in
17 each regular session. Whenever possible the membership shall
18 include at least one member from each judicial division and
19 at least two members from each of the two major political
20 parties. In the event of a vacancy by a member of the
21 Senate, the President of the Senate shall choose a successor.
22 In the event of a vacancy by a member of the House, the
23 Speaker of the House shall choose a successor. In the event
24 of the resignation or death of the President of the Senate
25 the remaining committee members from the Senate shall choose
26 a successor. In the event of the resignation or death of the
27 Speaker of the House the remaining committee members from the
28 House shall choose a successor.

29 It shall be the duty of the Committee to study and

1 N examine expenditures by Territorial agencies and to gather
2 E information on anticipated revenues. The Committee shall
3 W have the power to organize and adopt rules for the conduct
4 of its business and to do whatever else it may deem neces-
5 N sary or advisable to carry out the purpose of this article.
6 A The Committee shall specifically:

7 E (1) attend the hearings held by the Budget
8 E Director under Article II, Section 4 of this Act, and make
9 and recommend actions they deem necessary and proper to the
10 E Budget Director; and

11 E (2) appoint a Legislative Auditor.

12 Sec. 13. Sec. 5, Article V of Ch. 82, SLA 1955, is hereby
13 amended to read as follows:

14 Sec. 6. POWERS AND DUTIES. The Legislative Auditor
15 shall have authority and it shall be his duty: (1) to per-
16 form an audit of all accounts, books and other financial
17 records of the Territorial Government or any officer of the
18 Territory, to include but not be limited to, every department,
19 board, bureau, institution, commission, or agency, and to
20 prepare a written report or reports of such audit or audits
21 TO THE LEGISLATURE; for presentation to the Legislative
22 Audit Committee; (2) To examine and audit personally, or
23 by his duly authorized assistants, all fiscal books, records
24 and accounts of all custodians of public funds, and of all
25 disbursing officers of the Territory, making independent
26 verification of all assets, liabilities, revenues and expen-
27 ditures of the Territory and agencies thereof now in
28 existence or hereafter created. Nothing in this Act shall
29 be so construed as to give the Legislative Auditor the

1 authority to audit cities, school districts, or other poli-
2 tical subdivisions of the Territory; (3) To specifically
3 perform an audit of the Department of Finance once every
4 biennium; [(3)] (4) To cooperate with Territorial agencies
5 by offering such advice and assistance as may be requested of
6 the Legislative Auditor for the establishment or improvement
7 of the accounting system used by the various agencies; [(4)]
8 (5) To require the aid and assistance of all executives and
9 officials, auditors, accountants, and other employees of each
10 and every agency at all times in the inspection, examination
11 and audit of any and all books, accounts and records of the
12 several departments; [(5)] (6) To have access at all times
13 to all of the books, accounts, reports, confidential or other-
14 wise, vouchers, or other records of information in any Ter-
15 ritorial agency. Nothing in this section shall be construed
16 as authorizing or permitting the publication of information
17 now or hereafter prohibited by law.

18 Sec. 14. Sec. 7, Article V of Ch. 82, SLA 1955, is hereby
19 amended to read as follows:

20 Sec. 7. REPORTS. Copies of each audit report approved
21 by the Legislative Audit Committee shall be filed with the
22 agency concerned, the Governor, [THE LEGISLATIVE AUDIT COM-
23 MITTEE,] and, upon request, to each Legislator or Legislator-
24 elect. The Legislative [AUDITOR] Audit Committee shall file
25 a biennial report with the [LEGISLATIVE AUDIT COMMITTEE, THE]
26 Governor, and each member of the Legislature within five days
27 after the convening of each regular session of the Legis-
28 lature. Each biennial report shall contain, among other
29 things, copies of, or the substance [OR] of reports to the

1 various agencies, as well as a summary of recommendations
2 made in regard thereto. All reports shall be open to public
3 inspection [7] ; Provided, however, that portion of the
4 audit containing recommendations, comments and any narrative
5 statement is to be released only upon the approval of a
6 majority vote of the Legislative Audit Committee.

7 Sec. 18. Sec. 8, Article V of Ch. 82, SLA 1955, is hereby
8 amended to read as follows:

9 Sec. 8. RECOMMENDATIONS. All recommendations submitted
10 by the Legislative Auditor may be released only with the
11 approval of the Legislative Audit Committee, and shall be
12 confined to those matters properly coming within his juris-
13 diction, which is to see that the laws passed by the Legis-
14 lature conform with the expenditure of public monies are in
15 all respects carefully observed, and that the attention of
16 the Legislature is directed to all cases of violations of the
17 law and to those instances where there is need for change of
18 existing laws or the passage of new laws to secure the
19 efficient spending of public funds; and to the manner or form
20 of appropriations which will avoid any such improper expendi-
21 ture of money in the future.

22 Sec. 16. Sec. 9, Article V of Ch. 82, SLA 1955, is hereby
23 amended to read as follows:

24 Sec. 9. SPECIAL AUDIT. Any member of the Legislature
25 may, by written request and by written notice of at least
26 ten days, request the Legislative Audit Committee to direct
27 any special audit of any agency, and upon the vote of the
28 majority of the Legislative Audit Committee approving such
29 request, the Legislative Auditor shall make such audit [7]

1 and submit it for approval to the Legislative Audit Com-
2 mission.

3 Sec. 17. Sec. 10, Article V of Ch. 82, SLA 1955, is hereby
4 amended to read as follows:

5 Sec. 10. RECORDS. The Legislative Auditor shall keep
6 or cause to be kept, a complete, accurate and adequate set
7 of fiscal transactions of the Division of Legislative Audit.
8 He shall also keep a complete file of copies of all released
9 audit reports, examinations, investigations, and any and all
10 other reports or releases issued by him or his office, and a
11 complete file of audit work papers and other evidence pertain-
12 ing to the work of the Division of Legislative Audit,

13 Sec. 18. Sec. 14, Article V of Chapter 82, SLA 1955, is here-
14 by amended to read as follows:

15 Sec. 14. OATHS; SUMMONS; SANCTIONS. The Legislative
16 Auditor shall have the power in making any audit or examina-
17 tion to administer oaths and cause to be summoned to appear
18 with such papers, files, or records as may be named in the
19 oaths, any person or persons whose testimony may be deemed
20 necessary in such audit or examination. Any person who
21 wilfully WILLFULLY fails or refuses to appear and testify
22 or submit papers, files, and records material and pertinent
23 to the examination, or wilfully WILLFULLY refuses to answer
24 any material or pertinent questions propounded to him by the
25 Legislative Auditor shall be deemed guilty of a misdemeanor
26 and upon conviction by a court of COMPETITION competent
27 jurisdiction, shall be fined in any sum not less than One
28 Hundred (\$100.00) Dollars; nor more than Five Hundred (\$500.00)
29 Dollars; and any person appearing and wilfully WILLFULLY or

1 corruptly giving any false testimony that is material and
2 pertinent to the examination, shall be deemed guilty of a
3 perjury and upon conviction by a court of competent juris-
4 diction shall be imprisoned not less than two (2) years nor
5 more than five (5) years. Any person summoned to appear
6 shall receive the same compensation as is received by persons
7 serving as a witness before the Legislature as provided in
8 Section 4-4-5, Alaska Compiled Laws Annotated, 1949.

9 Sec. 19. Subsection (b) of Sec. 7-1-6, ACLA 1949, as repealed
10 and re-enacted by Ch. 133, SLA 1951 and as repealed and re-enacted
11 by Ch. 24, SLA 1953, is hereby amended to read as follows:

12 (b) Disbursements. ON WARRANTS. He shall disburse
13 public moneys only upon vouchers WARRANTS drawn upon the
14 Treasurer by the Director of Finance AUDITOR or as other-
15 wise provided by law, and not inconsistent with this Act,
16 Such vouchers WARRANTS shall be paid by check by the
17 Treasurer when presented. AND FROM PROPER APPROPRIATIONS,
18 BUT FUNDS SHALL BE RETAINED IN THE TREASURY TO MEET PAYMENTS
19 OF ALL WARRANTS ISSUED PRIOR TO THE ONES PRESENTED AND PAID.

20 Sec. 20. Subsection (e) of Sec. 7-1-6, ACLA 1949, is hereby
21 amended to read as follows:

22 (e) Accounts. He shall keep accounts as prescribed by
23 the Director of Finance. A FAIR, TRUE, JUST AND COMPRE-
24 HENSIVE ACCOUNT OF ALL MONEYS RECEIVED, SHOWING SOURCE THERE-
25 OF, AND OF ALL MONEYS DISBURSED, SHOWING WHEN PAID, TO WHOM,
26 FOR WHAT PURPOSE, AND FROM WHAT APPROPRIATION.

27 Sec. 21. The following are hereby repealed: Subsection (3)
28 of Sec. 3, Article IV, Chapter 82, SLA 1955; Subsections (c), (d),
29 (e) and (g) of Sec. 7-1-6, ACLA 1949; and Subsection (1) of Sec.

1 8-1-10, ACLA 1949.

2 Sec. 22. Sec. 11-5-7 ACLA 1949, is hereby repealed and re-
3 enacted to read as follows:

4 Sec. 11-5-7. TIME FOR AND COMPUTATION OF PAYMENT:

5 COMPENSATION FOR ABSENCE. Officers and employees of the Ter-
6 ritory shall be paid for such periods and at such times as
7 may be prescribed by the Director of Finance. Any person
8 entering or quitting the service of the Territory shall
9 receive compensation for the actual number of days (includ-
10 ing holidays) or hours that he was in such service. The
11 salary of all officers and employees shall be prescribed on
12 an annual basis. Compensation per hour shall be determined
13 by dividing the annual salary by 1950 hours, the normal
14 work hours per year; compensation per day shall be determined
15 by multiplying the hourly rate by 7 $\frac{1}{2}$ hours, the normal work ^{hours}
16 per day. One day's pay shall be deducted for each day an
17 employee is absent without leave,

18 Sec. 23. EFFECTIVE DATE. This Act shall take immediate
19 effect and be in force from and after its passage and approval
20 or upon its becoming law without such approval, and it is so
21 enacted.