

1 IN THE SENATE

BY THE COMMITTEE ON FINANCE

2 SENATE BILL NO. 113

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIRST LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the post-audit; creating
7 a Legislative Audit Committee; prescribing
8 the duties thereof; creating a Division of
9 Legislative Audit; providing for the nomina-
10 tion and appointment of a legislative auditor;
11 defining certain violations and imposing
12 penalties; repealing Secs. 1 through 17 of
13 Art. V, Ch. 82, SLA 1955 as amended by Secs.
14 12 through 16 of Ch. 186, SLA 1957; and
15 providing for an effective date."

16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

17 Section 1. LEGISLATIVE INTENT. It is the intent of this
18 Act to provide for the post-auditing of each agency of the state
19 government for the purpose of furnishing the legislature with
20 factual information vital to the discharge of its legislative
21 duties. It is hereby determined that adequate information is not
22 available for each session through which the members of the legis-
23 lature can determine the needs of the various agencies and depart-
24 ments of the state government; and, that the post-auditing of each
25 agency will furnish necessary information. It is further deter-
26 mined that the legislative session is not adequate time in which
27 to audit each agency and that the size and scope of governmental
28 activity has grown to such an extent in recent years that such
29 auditing shall be a continuing process. It is the intent of this

SB #113

1 Act to provide the legislature with adequate factual information
2 by which to exercise its valid powers and no others.

3 Sec. 2. LEGISLATIVE AUDIT COMMITTEE: POWERS AND DUTIES:
4 CREATION OF DIVISION OF LEGISLATIVE AUDIT. The President of the
5 Senate, Speaker of the House, Chairman of the Senate Finance
6 Committee, and Chairman of the House Finance Committee, as such
7 officers are elected at each session of the Alaska Legislature,
8 and one member from the Senate and from the House who shall be
9 appointed by the President of the Senate and Speaker of the House,
10 respectively, shall constitute a Legislative Audit Committee,
11 and the members thereof shall serve as committee members until
12 the convening of the next session of the legislature, or until
13 their successors have been named and elected in such session.
14 Whenever possible the membership shall include at least one member
15 from each of the four major state election districts and at least
16 two members from each of the two major political parties. In the
17 event of a vacancy by a member of the Senate, the President of the
18 Senate shall choose a successor. In the event of a vacancy by
19 a member of the House, the Speaker of the House shall choose a
20 successor. In the event of the resignation or death of the Presi-
21 dent of the Senate, the remaining committee members from the
22 Senate shall choose a successor. In the event of the resignation
23 or death of the Speaker of the House the remaining committee mem-
24 bers from the House shall choose a successor.

25 It shall be the duty of the Committee to study and examine
26 expenditures by state agencies and to gather information on
27 anticipated revenues. The Committee shall have the power to or-
28 ganize and adopt rules for the conduct of its business and to do
29 whatever else it may deem necessary or advisable to carry out the
SB #113

1 purpose of this Act.

2 There is hereby created a Division of Legislative Audit,
3 the staff of which shall serve at the pleasure and direction of
4 the Legislative Audit Committee and perform audits as specified
5 by the Legislative Auditor as hereafter selected and appointed.

6 The Legislative Audit Committee shall examine persons to
7 serve as auditor as to qualifications, ability and personality,
8 and upon completion of such examination, place the name of the
9 person selected in nomination before the legislature for appoint-
10 ment as Legislative Auditor.

11 The Legislative Audit Committee may promulgate such rules and
12 prescribe such procedures for the Division of Legislative Audit,
13 and the conduct of post audits as may be necessary, in accordance
14 with accepted auditing procedures, consistent with this Act.

15 The Legislative Audit Committee may at the request of the
16 governor, attend budget hearings, review appropriation requests,
17 and make such recommendations to the governor as they deem
18 necessary and proper.

19 Sec. 3. LEGISLATIVE AUDITOR: APPOINTMENT: VACANCY. The
20 Legislative Auditor shall be a certified public accountant of
21 Alaska, or of any state with requirements equivalent to those of
22 Alaska, with at least five years practice in the profession prior
23 to his appointment, or the equivalent thereof. The name of the
24 person so selected shall be presented to the legislature if in
25 session at the time of selection. If the legislature is not in
26 session, he shall, in all respects, carry out the functions,
27 powers and duties of this Act until the next session of the legis-
28 lature at which time the name of the person nominated as Legis-
29 lative Auditor shall be presented to the legislature for appointment

1 The Legislative Auditor shall serve at the pleasure of the legis-
2 lature, and when the legislature is not in session he may be
3 removed for cause after notice by and hearing before the Legis-
4 lative Audit Committee, by a majority vote of the committee.
5 When a vacancy in the position of Legislative Auditor occurs
6 when the legislature is not in session, such position may be
7 filled by the Legislative Audit Committee by majority action,
8 subject to an appointment by the legislature at its next regular
9 session.

10 Sec. 4. BOND. Upon appointment, the Legislative Auditor
11 shall execute a bond, to cover his official acts, in the sum of
12 ten thousand (\$10,000.00) dollars, conditioned upon the faithful
13 discharge of his duties, with a surety company authorized to do
14 business in Alaska. The premium on such bond shall be paid by
15 the state.

16 Sec. 5. POWERS AND DUTIES. The Legislative Auditor shall
17 have authority and it shall be his duty: (1) To perform an audit
18 of all accounts, books and other financial records of the state
19 government, or any officer of the state, to include but not be
20 limited to, every department, board, bureau, institution, com-
21 mission, or agency, and to prepare a written report or reports of
22 such audit or audits for presentation to the Legislative Audit
23 Committee; (2) To examine and audit personally, or by his duly
24 authorized assistants, all fiscal books, records and accounts of
25 all custodians of public funds, and of all disbursing officers of
26 the state, making independent verification of all assets,
27 liabilities, revenues and expenditures of the state and agencies
28 thereof now in existence or hereafter created. Nothing in this
29 Act shall be so construed as to give the Legislative Auditor the

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

16 Sec. 6. REPORTS. Copies of each audit report approved by
17 the Legislative Audit Committee shall be filed with the governor,
18 together with the committee recommendations. The Legislative
19 Audit Committee shall file an annual report with the governor, and
20 with the legislature within five days after the convening of each
21 regular session of the legislature. Each annual report shall con-
22 tain, among other things, copies of, or the substance of audit
23 reports on the various agencies, as well as a summary of recommend-
24 ations made in regard thereto. All annual reports shall be open
25 to public inspection after they have been filed with the legis-
26 lature as provided herein; provided, however, that that portion
27 of the annual report containing recommendations, comments and any
28 narrative statement is to be released only upon the approval of
29 a majority vote of the Legislative Audit Committee.

1 Sec. 7. RECOMMENDATIONS. All recommendations submitted by
2 the Legislative Auditor shall be confined to those matters
3 properly coming within his jurisdiction, which is to see that the
4 laws passed by the legislature dealing with the expenditure of
5 public monies are in all respects carefully observed, and that
6 the attention of the legislature is directed to all cases of
7 apparent violations of the law and to those instances where there
8 is need for change of existing laws or the passage of new laws to
9 secure the efficient spending of public funds; and to the manner
10 or form of appropriations which will avoid any improper expendi-
11 ture of money in the future.

12 Sec. 8. SPECIAL AUDIT. Any member of the legislature may,
13 by written request and by written notice of at least six days,
14 request the Legislative Audit Committee to direct any special
15 audit of any agency, and upon the vote of the majority of the
16 Legislative Audit Committee approving such request, the Legislative
17 Auditor shall make such audit.

18 Sec. 9. RECORDS. The Legislative Auditor shall keep or cause
19 to be kept, a complete, accurate and adequate set of fiscal trans-
20 actions of the Division of Legislative Audit. He shall also keep
21 a complete file of copies of all audit reports, examinations,
22 investigations, and any and all other reports or releases issued
23 by him or his office, and a complete file of audit work papers and
24 other evidence pertaining to the work of the Division of Legis-
25 lative Audit.

26 Sec. 10. OFFICE SPACE: DISBURSING OFFICER. The agency in
27 charge of the Alaska Office Building is hereby directed to furnish
28 suitable quarters for the Division of Legislative Audit. The
29 Legislative Audit Committee shall designate a disbursing officer
SB #113

1 for the Division of Legislative Audit and all vouchers issued in
2 payment of salaries and expenses incurred in the operations of the
3 Division of Legislative Audit shall be approved by the disburs-
4 ing officer before they are paid.

5 Sec. 11. EMPLOYEES: POLICY. The Legislative Auditor shall
6 be free to select the most efficient personnel available for all
7 positions in the Division of Legislative Audit authorized by
8 appropriation, to the end that he may render to the members of
9 the legislature that service which they have a right to expect.
10 It is the intention and desire of the legislature to free the
11 Legislative Auditor and his staff from partisan politics. The
12 auditor and the division staff shall not engage in or be asso-
13 ciated with any partisan political activity.

14 Sec. 12. PROHIBITIONS. The Legislative Auditor shall not
15 serve in any ex-officio capacity on any administrative board or
16 commission, or have any financial interest in the transactions of
17 any agency.

18 Sec. 13. OATHS: SUMMONS: SANCTIONS. The Legislative Auditor
19 shall have the power in making any audit or examination to ad-
20 minister oaths and cause to be summoned to appear with such papers
21 files or records as may be named in the summons, any person or
22 persons whose testimony may be deemed necessary in such audit or
23 examination. Any person who wilfully fails or refuses to appear
24 and testify or submit papers, files, and records material and
25 pertinent to the examination, or wilfully refuses to answer any
26 material or pertinent questions propounded to him by the Legisla-
27 tive Auditor shall be deemed guilty of a misdemeanor and upon con-
28 viction by a court of competent jurisdiction, shall be fined in
29 any sum not less than one hundred (\$100.00) dollars; nor more than
SB #113

1 five hundred (\$500.00) dollars; and any person appearing and wil-
2 fully or corruptly giving any false testimony that is material
3 and pertinent to the examination, shall be deemed guilty of a
4 perjury and upon conviction by a court of competent jurisdiction,
5 shall be imprisoned not less than two (2) years nor more than
6 five (5) years. Any person summoned to appear shall receive the
7 same compensation as is received by persons serving as a witness
8 before the legislature as provided by law.

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

16 Sec. 15. PAYMENT OF SALARIES AND EXPENSES. The salary of
17 the Legislative Auditor and the other employees of the Division
18 of Legislative Audit shall be paid in the same manner and through
19 the same procedure used for the payment of salaries of other
20 state employees. Expenses of the Division of Legislative Audit
21 shall be included in the general appropriation bill.

22 Sec. 16. REPEALER. Sec. 1 through and including Sec. 17
23 of Art. V, Ch. 82, SLA 1955 as amended by Sec. 12 through and in-
24 cluding Sec. 16 of Ch. 186, SLA 1957 are hereby repealed.

25 Sec. 17. EFFECTIVE DATE. This Act shall take effect imme-
26 diately upon its passage and approval or upon its becoming law
27 without such approval.
28
29