

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."

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

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Section 1. LEGISLATIVE INTENT. It is the intent of this
Act to provide for the post-auditing of each agency of the state
government for the purpose of furnishing the legislature with
factual information vital to the discharge of its legislative
duties. It is hereby determined that adequate information is not
available for each session through which the members of the legis-
lature can determine the needs of the various agencies and depart-
ments of the state government; and, that the post-auditing of each
agency will furnish necessary information. It is further deter-
mined that the legislative session is not adequate time in which
to audit each agency and that the size and scope of governmental
activity has grown to such an extent in recent years that such
auditing shall be a continuing process. It is the intent of this
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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 Engrossed as amended_2_

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 and ability, and upon com-
8 pletion of such examination, place the name of the person selected
9 in nomination before the legislature for appointment as Legis-
10 lative 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 nominated by the committee shall be presented to the
25 legislature for appointment, if in session at the time of selec-
26 tion. If the legislature is not in session, he shall, in all
27 respects, carry out the functions, powers and duties of this Act
28 until the next session of the legislature at which time the name
29 of the person nominated as Legislative Auditor shall be presented

1 to the legislature for appointment. The Legislative Auditor shall
2 serve at the pleasure of the legislature, and when the legislature
3 is not in session he may be removed for cause after notice by and
4 hearing before the Legislative Audit Committee, by a majority vote
5 of the committee. When a vacancy in the position of Legislative
6 Auditor occurs when the legislature is not in session, such posi-
7 tion may be filled by the Legislative Audit Committee by majority
8 action, subject to an appointment by the legislature at its next
9 regular 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; (3) To specifically
29 perform an audit of the Department of Administration, annually;

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

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

28 Sec. 7. RECOMMENDATIONS. All recommendations submitted by
29 the Legislative Auditor shall be confined to those matters properly

1 coming within his jurisdiction, which is to see that the laws
2 passed by the legislature dealing with the expenditure of public
3 monies are in all respects carefully observed, and that the atten-
4 tion of the legislature is directed to all cases of apparent viola-
5 tions of the law and to those instances where there is need for
6 change of existing laws or the passage of new laws to secure the
7 efficient spending of public funds; and to the manner or form of
8 appropriations which will avoid any improper expenditure of money
9 in the future.

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

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

24 Sec. 10. OFFICE SPACE: DISBURSING OFFICER. The agency in
25 charge of the Alaska Office Building is hereby directed to furnish
26 suitable quarters for the Division of Legislative Audit. The
27 Legislative Audit Committee shall designate a disbursing officer
28 for the Division of Legislative Audit and all vouchers issued in
29 payment of salaries and expenses incurred in the operations of the

1 Division of Legislative Audit shall be approved by the disbursing
2 officer before they are paid.

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

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

16 Sec. 13. POWERS: HEARINGS. The committee shall have the
17 authority to administer oaths, issue subpoenas, compel the
18 attendance of witnesses and the production of any papers, books,
19 accounts, documents, and testimony, and to cause the deposition
20 of witnesses to be taken in the manner prescribed by law for tak-
21 ing depositions in civil actions. In case of disobedience or the
22 refusal on the part of any person to comply with any subpoena
23 issued on behalf of the committee, or on the refusal of any
24 witness to testify to any matters regarding which he may be law-
25 fully interrogated, any superior court or judge thereof, may on
26 application of the committee, compel obedience by proceedings for
27 contempt, in the same manner as in the case of disobedience of
28 the requirements of a subpoena issued from such court or a re-
29 fusals to testify therein. Each witness who appears before the

1 committee by its order, other than an officer or employee of the
2 State of Alaska, shall receive for his attendance the fees and
3 mileage provided for witnesses in civil cases in courts of record,
4 which shall be audited and paid upon the presentation of proper
5 vouchers sworn to by such witnesses and approved by the chairman
6 of the committee.

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

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

20 Sec. 16. POLITICAL SUBDIVISIONS. Nothing in this Act shall
21 be so construed as to give the Legislative Auditor the authority
22 to audit cities, school districts, or other political subdivisions
23 of the state.

24 Sec. 17. REPEALER. Sec. 1 through and including Sec. 17 of
25 Art. V, Ch. 82, SLA 1955 as amended by Sec. 12 through and includ-
26 ing Sec. 16 of Ch. 186, SLA 1957 are hereby repealed.

27 Sec. 18. EFFECTIVE DATE. This Act shall take effect immed-
28 ately upon its passage and approval or upon its becoming law
29 without such approval.