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Original sponsor: Bradner

Offered: 3/10/71

1 IN THE HOUSE

BY THE FREE CONFERENCE COMMITTEE

2 FREE CONFERENCE CS FOR SENATE CS FOR CS FOR HOUSE BILL NO. 14

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating a legislative budget and audit com-
7 mittee and providing for the reorganization and
8 establishment of legislative fiscal support services;
9 and providing for an effective date."

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

11 * Section 1. AS 24.20.150 - 24.20.370 are repealed.

12 * Sec. 2. AS 24.20 is amended by adding new sections to read:

13 Sec. 24.20.151. LEGISLATIVE BUDGET AND AUDIT COMMITTEE. The
14 Legislative Budget and Audit Committee is established as a permanent
15 interim committee of the legislature. The establishment of the
16 committee recognizes the need of the legislature for full-time technical
17 assistance in accomplishing the fiscal analysis, budget review and
18 post-audit functions.

19 Sec. 24.20.161. MEMBERSHIP. The Legislative Budget and Audit
20 Committee is composed of the chairmen of the senate and house finance
21 committees and four members from each body appointed by the president
22 of the senate and the speaker of the house, respectively. The member-
23 ship from each house shall include at least one member from each of
24 the two major political parties. The chairmen of the finance committees
25 may choose not to serve on the committee. If this occurs, the presid-
26 ing officer of the proper body shall appoint a replacement. The
27 committee shall select its own chairman.

28 Sec. 24.20.171. TERM OF MEMBERSHIP. The committee shall be
29 organized within 15 days after the organization of each legislature.

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1 Members serve for the duration of the legislature during which they
2 are appointed. If they are reelected or their term of office extends
3 into the next succeeding legislature, they continue to serve until
4 reappointed or the appointment of their successor.

5 Sec. 24.20.181. VACANCIES. When a vacancy occurs in the member-
6 ship of the committee, the presiding officer of the house incurring
7 the vacancy shall choose a successor. If the office of the president
8 of the senate or speaker of the house of representatives becomes
9 vacant and a vacancy from the affected house occurs among the member-
10 ship of the committee, the remaining committee members from the house
11 incurring the vacancy shall appoint a new member.

12 Sec. 24.20.191. MEETINGS. The budget and audit committee may
13 meet during sessions of the legislature and during the interim between
14 sessions at such times and places inside the state as the chairman
15 may determine. Members may receive, for the minimum time required to
16 get to and from meetings and for the period while attending meetings,
17 the same travel and per diem allowances provided by law for members of
18 the legislature when attending sessions, except that members of the
19 committee receive no per diem during legislative sessions other than
20 the per diem allowance paid to other members of the legislature.

21 Sec. 24.20.201. POWERS. (a) The Legislative Budget and Audit
22 Committee has the power to:

23 (1) organize, adopt rules for the conduct of its business
24 and prescribe procedures for the comprehensive fiscal analysis,
25 budget review and post-audit functions;

26 (2) hold public hearings, administer oaths, issue subpoenas,
27 compel the attendance of witnesses and production of papers, books,
28 accounts, documents and testimony, and to have the deposition of
29 witnesses taken in a manner prescribed by court rule or law for taking

1 depositions in civil actions;

2 (3) require all state officials and agencies of state
3 government to give full cooperation to the committee or its staff in
4 assembling and furnishing requested information;

5 (4) review revenue projections, state agency appropriation
6 requests, the expenditure of state funds, including the relationship
7 between state agency program accomplishments and legislative intent,
8 and the fiscal policies and procedures of state government;

9 (5) review all proposed changes to agency authorized
10 operating budgets;

11 (6) make recommendations concerning appropriations, their
12 expenditure and the fiscal policies and procedures of state government
13 to the governor where appropriate, and the legislature;

14 (7) prepare and distribute reports, memoranda or other
15 necessary materials.

16 (b) Nothing in this chapter shall be so construed as to authorize
17 the referral by the presiding officer of legislation to the committee
18 at regular or special sessions of the legislature.

19 Sec. 24.20.211. LEGISLATIVE FINANCE DIVISION. The legislative
20 finance division is established as a permanent staff agency responsible
21 to the Legislative Budget and Audit Committee for performance of
22 fiscal analysis and budget review functions.

23 Sec. 24.20.221. STAFF. (a) The committee shall hire and
24 determine the salary of the legislative fiscal analyst who shall serve
25 both at the direction and pleasure of the committee. The fiscal
26 analyst shall serve as head of the finance division and, within the
27 limits of the budget approved by the committee, shall employ and
28 determine the compensation of the professional and clerical staff of
29 the division.

1 (b) The fiscal analyst and members of the professional and
2 clerical staff shall not join or support a partisan political organi-
3 zation. This prohibition does not prevent the fiscal analyst or
4 members of the staff from joining social organizations, expressing
5 private opinion, registering as to party or voting.

6 Sec. 24.20.231. DUTIES. The legislative finance division shall

7 (1) analyze the budget and appropriation requests of each
8 department, institution, bureau, board, commission or other agency of
9 state government;

10 (2) analyze the revenue requirements of the state;

11 (3) provide the finance committees of the legislature with
12 comprehensive budget review and fiscal analysis services;

13 (4) cooperate with the division of budget and management
14 in establishing a comprehensive system for state program budgeting
15 and financial management as set out in the Executive Budget Act
16 (AS 37.07);

17 (5) complete studies and prepare reports, memoranda or other
18 materials as directed by the Legislative Budget and Audit Committee;

19 (6) with the governor's permission, designate the legislative
20 fiscal analyst to serve ex officio on the governor's budget review
21 committee.

22 Sec. 24.20.241. LEGISLATIVE AUDIT DIVISION. The legislative
23 audit division is established as a permanent staff agency responsible
24 to the Legislative Budget and Audit Committee for completion of the
25 post-audit function.

26 Sec. 24.20.251. QUALIFICATIONS AND APPOINTMENT OF LEGISLATIVE
27 AUDITOR. (a) The legislative auditor shall be a certified public
28 accountant of this state, or of another state having requirements
29 equivalent to those of this state, with at least five years of practice

1 in the profession, or the equivalent, before his appointment.

2 (b) The Legislative Budget and Audit Committee shall examine
3 persons to serve as legislative auditor and, upon completion of the
4 examination, place the name of the person selected in nomination before
5 the legislature. If the legislature is not in session, the person
6 nominated shall carry out the duties of the office until the next
7 session of the legislature at which time the name of the person
8 nominated shall be presented to the legislature for appointment.

9 (c) The legislative auditor serves at the pleasure of the legis-
10 lature. However, when the legislature is not in session, the auditor
11 may be removed for cause by a majority vote of the Legislative Budget
12 and Audit Committee after notice by, and a hearing before, the commit-
13 tee.

14 Sec. 24.20.261. STAFF. (a) The Legislative Budget and Audit
15 Committee shall hire a supervisor of audit who shall serve both at the
16 direction and pleasure of the committee. The supervisor of audit shall
17 serve as head of the audit division and, within the limits of the
18 budget approved by the committee, shall employ and determine the compen-
19 sation of the other professional and clerical staff of the division
20 until such time as the position of legislative auditor becomes a full-
21 time position at which time the legislative auditor shall become the
22 head of the audit division.

23 (b) The auditor, the supervisor of audit and members of the
24 professional and clerical staff may not join or support a partisan
25 political organization. This prohibition does not prevent the auditor
26 or members of the staff from joining social organizations, expressing
27 private opinion, registering as to party or voting.

28 Sec. 24.20.271. POWERS AND DUTIES. The legislative audit divi-
29 sion shall

1 (1) perform an audit, complete with a written report, at
2 least once every three years on the books and accounts of every depart-
3 ment, institution, bureau, board, commission or other agency of state
4 government;

5 (2) audit at least once every three years the books and
6 accounts of all custodians of public funds and all disbursing officers
7 of the state;

8 (3) at the direction of the Legislative Budget and Audit
9 Committee, conduct performance post-audits on any agency of state
10 government;

11 (4) cooperate with state agencies by offering advice and
12 assistance as requested in establishing or improving the accounting
13 systems used by state agencies;

14 (5) require the assistance and cooperation of all state
15 officials and other state employees in the inspection, examination
16 and audit of state agency books and accounts;

17 (6) have access at all times to the books, accounts, reports
18 or other records, whether confidential or not, of every state agency;

19 (7) ascertain, as necessary for audit verification, the
20 amount of agency funds on deposit in any bank as shown on the books of
21 the bank; no bank may be held liable for making information required
22 under this paragraph available to the legislative audit division;

23 (8) complete studies and prepare reports, memoranda or other
24 materials as directed by the Legislative Budget and Audit Committee.

25 Sec. 24.20.281. SPECIAL AUDIT. A member of the legislature may,
26 in writing and with at least six days notice, request that the budget
27 and audit committee direct a special audit of any state agency or
28 determine the propriety of any expenditure of state funds received by
29 any political subdivision or other entity obtaining state funds.

1 Should a majority of the committee vote to approve the request, the
2 legislative audit division shall make the audit.

3 Sec. 24.20.291. CONFLICT OF INTEREST. The legislative auditor,
4 the supervisor of audit, the legislative fiscal analyst and members of
5 the staff of the legislative finance and audit divisions shall not
6 serve in ex officio or other capacity on any board (except as authorized
7 in sec. 231(6) of this chapter), commission or other administrative
8 agency of state government; nor shall they have a financial interest
9 in transactions involving any agency of state government.

10 Sec. 24.20.301. RECORDS. (a) The legislative audit division
11 shall keep a complete file of all audit reports and other reports or
12 releases issued by the division, and a complete file of audit work
13 papers and other related supportive material. The division shall also
14 keep a complete and accurate record of all fiscal transactions involving
15 the division.

16 (b) The legislative finance division shall keep a complete file
17 of all budget reports and other reports or releases issued by the
18 division and a complete and accurate record of all fiscal transactions
19 involving the division.

20 Sec. 24.20.311. REPORTS. The committee shall file copies of its
21 approved audit reports including any committee recommendations with the
22 governor, the agency concerned and the legislature. An annual report
23 summarizing the audit reports and committee recommendations made during
24 the year shall be filed with the governor and with the legislature
25 within the first five days of each regular session of the legislature.
26 Reports shall be approved by a majority of the committee before their
27 release and shall be open to public inspection after their release to
28 the legislature.

29 * Sec. 3. AS 37.07.040(5) is amended to read:

1 (5) provide the legislative finance division [LEGISLATIVE
2 AFFAIRS AGENCY] with the budget information it may request.

3 * Sec. 4. AS 37.07.050(a) is amended to read:

4 (a) Each state agency, on the date and in the form and content
5 prescribed by the division, shall prepare and forward to the division
6 and the legislative finance division [LEGISLATIVE AFFAIRS AGENCY]

7 (1) the goals and objectives of the agency programs, together
8 with proposed supplements, deletions and revisions;

9 (2) its proposed plans to implement the goals and objectives,
10 including estimates of future service needs, planned methods of adminis-
11 tration, proposed modification of existing program services and
12 establishment of new program services, and the estimated resources
13 needed to carry out the proposed plan;

14 (3) the budget requested to carry out its proposed plans in
15 the succeeding fiscal year, including information reflecting the
16 expenditures during the last fiscal year, those authorized for the
17 current fiscal year, those proposed for the succeeding fiscal year, an
18 explanation of the services to be provided, the need for the services,
19 the cost of the services, and any other information requested by the
20 division;

21 (4) a report of the receipts during the last fiscal year,
22 an estimate of the receipts during the current fiscal year, and an
23 estimate for the succeeding fiscal year;

24 (5) a statement of legislation required to implement the
25 proposed programs and financial plans;

26 (6) an evaluation of the advantages and disadvantages of
27 specific alternatives to existing or proposed program policies or
28 administrative methods.

29 * Sec. 5. AS 37.07.090(a) is amended to read:

1 (a) Each state agency shall submit a performance report to the
2 division no later than September 1 for the preceding fiscal year.
3 These reports shall be in the form prescribed by the division after
4 consultation with the legislative finance division [LEGISLATIVE AFFAIRS
5 AGENCY], and shall include statements concerning

6 (1) the work accomplished and the services provided in the
7 preceding fiscal year or other meaningful work period, relating actual
8 accomplishments to those planned under sec. 80(b) of this chapter;

9 (2) the relationship of accomplishments and services to the
10 policy decisions and budget determinations of the governor and the
11 legislature;

12 (3) the costs of accomplishing the work and providing the
13 services, and, to the extent feasible, citing meaningful measures of
14 program effectiveness and cost;

15 (4) the administrative improvements made in the preceding
16 year, potential improvements in future years, and suggested changes in
17 legislation or administrative procedures to make further improvements.

18 * Sec. 6. AS 24.20.060(4)(D) is repealed.

19 * Sec. 7. This Act takes effect on the day after its passage and approv-
20 al or on the day it becomes law without approval.
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