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1 IN THE SENATE

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2

2d SPONSOR SUBSTITUTE FOR SENATE BILL NO. 148

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act providing for election of a state treasurer;
7 establishing the treasurer's powers and duties;
8 abolishing the legislative audit division; and pro-
9 viding for an effective date."

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

11 * Section 1. AS 37 is amended by adding a new chapter to read:

12

CHAPTER 06. STATE TREASURER.

13

Sec. 37.06.010. POWERS AND DUTIES. (a) The state treasurer

14

elected or appointed under art. IX, sec. 17 or 18 of the state consti-
15 tution, shall

16

(1) provide for annual compliance audits of the accounts of
17 all state agencies;

18

(2) review the annual compliance audit of the accounts of
19 municipalities in accordance with AS 29.35.120;

20

(3) review the annual compliance audit of the accounts of
21 school districts in the state in accordance with AS 14.11.125 and
22 AS 14.17.190;

23

(4) provide for management and program audits and investi-
24 gations when required by the governor, the Legislative Budget and
25 Audit Committee, or the chief justice of the supreme court;

26

(5) provide for management and program audits of boards and
27 commissions designated in AS 44.66.010 and of those programs and
28 activities subject to termination under AS 44.66.020 and 44.66.030,
29 and submit the report to the legislature no later than the first day

1 of the regular session of the legislature convening in the year des-
2 ignated in AS 44.66.010 as the termination year for the board, commis-
3 sion, or program;

4 (6) provide for compliance audits of all statements of
5 financial condition of the state government and agencies of state
6 government;

7 (7) examine the estimates of receipts and expenditures
8 prepared for inclusion in each budget report, and certify the results
9 of that examination for inclusion in the budget report presented by
10 the governor to the legislature under AS 37.07.060;

11 (8) report immediately to the governor, the attorney gen-
12 eral, and the Legislative Budget and Audit Committee any unauthorized,
13 illegal, irregular, or unsafe handling or expenditure of state money,
14 or other improper practice of financial administration, and any ob-
15 struction of the treasurer during the conduct of an audit or inves-
16 tigation;

17 (9) assist state agencies, municipalities, and school
18 districts in establishing or improving their accounting systems;

19 (10) keep accounts showing the costs of audit operations and
20 of each audit and investigation conducted, and other accounts neces-
21 sary for administration of the treasurer's office.

22 (b) The treasurer may

23 (1) provide for a management or program audit or investi-
24 gation of any matter related to state finance; and

25 (2) investigate and examine the conduct of officers who are
26 authorized to receive, collect, or disburse money for the state, or
27 who manage or control property belonging to the state or in which the
28 state is interested, or who make estimates or records that are used as
29 a basis by a state agency in the disbursement of public money.

1 Sec. 37.06.020. ASSISTANT TREASURER AND EMPLOYEES. (a) The
2 treasurer shall appoint an assistant treasurer who must be a certified
3 public accountant or a certified internal auditor and must have at
4 least five years of experience in governmental auditing. The assis-
5 tant treasurer shall assist the treasurer in the performance of
6 duties. If the treasurer is absent or becomes incapable of performing
7 the duties, or a vacancy in the office occurs, the assistant treasur-
8 er shall perform the duties of the treasurer until the necessity ends
9 or, in the case of a vacancy, until a successor is elected.

10 (b) The treasurer may employ other staff needed to carry out the
11 duties of the treasurer, including certified public accountants on a
12 temporary basis for special assignments. Employees of the office of
13 the treasurer are members of the exempt service under AS 39.25.110.

14 Sec. 37.06.030. ACCESS TO RECORDS AND TESTIMONY. (a) The
15 treasurer has access at all times to records, accounts, reports,
16 vouchers, correspondence, files, books, money, and property, whether
17 confidential or not, of every state agency, municipality or school
18 district subject to the audit and investigative authority of the
19 treasurer. An officer or employee of a state agency who possesses or
20 controls records or property shall permit access to and examination of
21 them upon the request of the treasurer or an agent authorized by the
22 treasurer to make the request.

23 (b) The treasurer may require information on oath from any
24 person regarding matters relating to an account that the treasurer is
25 required to audit. The treasurer may summon a person to appear and to
26 give testimony or answer interrogatories under oath respecting audit
27 matters.

28 Sec. 37.06.040. AUDIT AND INVESTIGATION REPORTS. (a) Upon
29 completion of each audit or investigation under this chapter, the

1 auditor or investigator shall prepare a report containing findings and
2 recommendations. The treasurer shall review reports that are not
3 prepared by the treasurer to determine accuracy, completeness, and
4 compliance with audit standards. If the treasurer finds that a report
5 is inaccurate, incomplete, or fails to comply with audit standards,
6 the treasurer shall return it to the auditor or investigator who
7 prepared it and to the agency, municipality, or school district con-
8 cerned together with a notice of deficiencies. The auditor or inves-
9 tigator shall correct the report and resubmit it to the treasurer.

10 (b) If the treasurer approves a report or a corrected report,
11 the auditor or investigator shall furnish a copy of the report and the
12 notice of approval to the governor, the legislature, the treasurer,
13 and to the head of the agency, municipality, or school district con-
14 cerned. Unless a report is based on or contains information made
15 confidential by law or protected by the right to privacy established
16 in art. I, sec. 22, of the state constitution, the treasurer shall
17 release the report to the public.

18 (c) If the auditor or investigator fails to correct the report,
19 the treasurer shall disapprove the report. If the treasurer
20 disapproves a report concerning an agency, the treasurer shall notify
21 the agency head and the governor, chief justice of the supreme court,
22 legislative council, or board of regents. The auditor or investigator
23 shall furnish a copy of the report to the governor, the legislature,
24 the treasurer, and to the head of the agency, municipality, or school
25 district concerned. If the treasurer disapproves a report concerning
26 a municipality or a school district, the treasurer shall notify the
27 governing body and shall serve a notice of intent to withhold funds
28 under AS 37.06.050 on the governing body.

29 (d) The treasurer shall prepare and submit to the legislature an

1 annual report of activities, summarizing the findings and recommenda-
2 tions of each audit and investigation report and presenting other
3 findings and recommendations considered necessary.

4 Sec. 37.06.050. REVIEW OF REPORTS. (a) Upon receiving an
5 approved audit or investigation report under AS 37.06.040, the head of
6 the agency or the governing body of the municipality or school dis-
7 trict concerned shall review the report and determine the measures
8 necessary to correct the deficiencies identified. Within 30 days
9 after receiving the report, the agency head or the governing body
10 shall file with the treasurer a written response setting out the
11 corrections proposed. The response may dispute the findings of the
12 auditor or investigator. The treasurer shall review the response. If
13 the treasurer approves the response, the treasurer shall notify the
14 agency or governing body of the approval.

15 (b) If the treasurer disapproves an audit of a municipality or
16 school district under AS 37.06.040 or the response of a municipality
17 or school district, the treasurer shall serve a notice of intent to
18 withhold funds on the governing body. The notice shall inform the
19 governing body of the

20 (1) inaccuracy, omission, or noncompliance with audit
21 standards of a report; or

22 (2) deficiencies identified by an approved report for which
23 the governing body has failed to propose adequate corrections and
24 shall identify methods for making the corrections.

25 (c) After service of the notice, the governing body may request
26 a hearing under the Administrative Procedure Act (AS 44.62). In
27 addition, the governing body may request an informal conference with
28 the treasurer. If a conference is requested, the treasurer shall
29 postpone the hearing until the conference is adjourned.

1 (d) If, after a hearing, the treasurer finds that the auditor or
2 investigator has failed to correct the report or the governing body
3 has failed to adopt an adequate plan to correct deficiencies, the
4 treasurer may order that state funds be withheld from the municipality
5 or school district for approved school construction projects under
6 AS 14.11, the public school foundation program under AS 14.17, municipi-
7 pal tax resource equalization under AS 29.60.010 - 29.60.080, state
8 aid to municipalities for miscellaneous purposes under AS 29.60.100 -
9 29.60.180, or grants to municipalities under AS 37.05.315 until the
10 governing body adopts an adequate plan. The treasurer shall certify
11 the findings and order to the commissioner of administration. The
12 commissioner shall withhold from distribution to the municipality or
13 school district 50 percent of the money for a program identified in
14 the order. If the legislature suspends the operation of any of the
15 programs identified in the order and establishes a substitute program
16 for the period of suspension, the commissioner shall withhold from
17 distribution 50 percent of all money to be distributed to the munici-
18 pality or school district under the substitute program.

19 (e) The governing body of the municipality or school district
20 from which funds are withheld may petition the treasurer to authorize
21 the release of funds. The treasurer shall authorize the commissioner
22 of administration to release the funds if the treasurer finds that the
23 auditor or investigator has corrected the report or the governing body
24 has taken adequate action to correct the deficiencies identified in
25 the report.

26 Sec. 37.06.060. FOLLOW-UP AUDITS AND INVESTIGATIONS. (a) The
27 treasurer may provide for a follow-up audit or investigation of any
28 matter audited or investigated under this chapter. A follow-up audit
29 or investigation shall comply with this chapter.

1 (b) The treasurer shall provide for a follow-up audit or inves-
2 tigation if the initial report revealed

3 (1) evidence of fraud, abuse, or illegal acts;

4 (2) substantial noncompliance with applicable laws and
5 regulations; or

6 (3) material weaknesses in internal accounting controls.

7 Sec. 37.06.070. CONFLICT OF INTEREST. (a) The treasurer,
8 assistant treasurer, and employees of the treasurer may not serve in
9 ex officio or other capacity on a board, commission, or other adminis-
10 trative agency of state government.

11 (b) The treasurer, the assistant treasurer, and their profes-
12 sional staff are subject to AS 39.50 (conflict of interest).

13 Sec. 37.06.080. AUDIT CONDUCT AND RECORDS. (a) When conducting
14 an audit the treasurer may

15 (1) require the assistance and cooperation of all state
16 officials and employees;

17 (2) ascertain, as necessary for audit verification, the
18 amount of agency funds on deposit in any bank as shown on the books of
19 the bank; a bank may not be held liable for making information re-
20 quired under this paragraph available to the treasurer.

21 (b) The treasurer shall keep a complete file of all audit re-
22 ports and other reports or releases issued by the office, and a com-
23 plete file of audit work papers and other related supportive material
24 for each report prepared by the treasurer's office. The treasurer
25 shall also keep a complete and accurate record of all fiscal trans-
26 actions involving the office. Audit records are confidential unless
27 an audit report based on the records has been released to the public
28 under AS 37.06.040.

29 Sec. 37.06.090. AUDIT STANDARDS. The treasurer shall establish

1 by regulation standards for conducting audits consistent with general-
2 ly accepted government auditing standards. To comply with federal
3 regulations the audit standards may specify separate or particular
4 standards applicable only to audits of federal grants, aid, or trust
5 funds administered by state agencies. Audit standards established
6 under this section govern audits contracted for, conducted, or re-
7 viewed by the treasurer.

8 Sec. 37.06.100. CONTRACT AUDITS. To the greatest extent practi-
9 cable, the treasurer shall contract with certified public accountants
10 licensed in the state and certified internal auditors to conduct
11 financial and compliance audits. The treasurer may also contract with
12 certified public accountants licensed in the state and certified
13 internal auditors to conduct management and program audits. An audit
14 conducted under this section shall conform to the audit standards
15 established by the treasurer.

16 Sec. 37.06.110. PAYMENT FOR ANNUAL AUDITS. A school board,
17 municipality, or independent state authority, bank or corporation,
18 including the Alaska Railroad corporation and the Alaska Permanent
19 Fund, on which the state treasurer performs an annual audit shall
20 reimburse the state treasurer for the cost of the audit.

21 Sec. 37.06.120. LEGAL COUNSEL. (a) The attorney general shall
22 advise the treasurer in legal matters arising in the discharge of the
23 treasurer's duties and shall represent the treasurer in suits to which
24 the treasurer is a party. The treasurer may employ independent legal
25 counsel for proceedings and court actions in which the attorney gen-
26 eral is representing another agency of the state government or if the
27 treasurer determines that employment of independent legal counsel will
28 better serve the needs of the office of the treasurer.

29 (b) The treasurer shall inform the attorney general in writing

1 of the need for the attorney general to direct a prosecution in the
2 name of the state against any person for an illegal act or omission
3 discovered in the course of the treasurer's official duties.

4 Sec. 37.06.130. PROCEDURE. The state treasurer shall adopt
5 regulations and conduct hearings under the Administrative Procedure
6 Act (AS 44.62).

7 Sec. 37.06.140. DEFINITIONS. In this chapter

8 (1) "agency" means a department, office, institution,
9 corporation, authority, board, commission, bureau, division, or other
10 administrative unit forming the state government, including the legis-
11 lative, executive, and judicial branches of government and the Univer-
12 sity of Alaska;

13 (2) "compliance audit" means a post audit that determines
14 (A) whether the financial statements of an audited
15 entity present fairly the financial position and the results of
16 financial operations in accordance with generally accepted ac-
17 counting principles; and

18 (B) whether the entity has complied with laws and
19 regulations that may have a material effect upon the financial
20 statements;

21 (3) "generally accepted government auditing standards"
22 means those audit standards set out in the publication "Standards for
23 Audit of Governmental Organizations, Programs, Activities, and Func-
24 tions," issued by the United States General Accounting Office;

25 (4) "investigation" means an inquiry into specified acts or
26 allegations of impropriety, malfeasance or nonfeasance in the obliga-
27 tion, expenditure, receipt or use of public funds of the state, or
28 into specified financial transactions or practices that may involve
29 impropriety, malfeasance or nonfeasance;

1 (5) "management audit" means a post audit that determines

2 (A) whether the audited entity is managing and utiliz-
3 ing its resources, including personnel, property, and space,
4 economically and efficiently;

5 (B) causes of inefficiencies or uneconomical prac-
6 tices; and

7 (C) whether the entity has complied with laws and
8 regulations concerning matters of economy and efficiency;

9 (6) "program audit" means a post audit that determines
10 whether an agency

11 (A) is achieving the desired results or benefits
12 established by the legislature or other authorizing body;
13 and

14 (B) has considered alternatives that might yield
15 desired results at a lower cost;

16 (7) "treasurer" means the state treasurer elected or ap-
17 pointed under art. IX, sec. 17 or 18 of the state constitution.

18 * Sec. 2. AS 14.11.125(b) is amended to read:

19 (b) Each borough or city that [WHICH] is a school district shall
20 maintain financial records of the receipt and disbursement of state
21 funds received under AS 14.11.105 - 14.11.135 and money provided
22 toward local effort. The records must [SHALL] be in the form pre-
23 scribed by the department and are subject to audit by it at any time.
24 The department may contract with an independent outside auditor to
25 perform the audit. The audit shall conform to audit standards adopted
26 by the state treasurer under AS 37.06.090.

27 * Sec. 3. AS 14.17.190(b) is amended to read:

28 (b) Each district shall maintain financial records of the re-
29 ceipt and disbursement of public school foundation money and money

1 acquired from local effort. The records must be in the form required
2 by the commissioner and are subject to audit by the commissioner or
3 the board at any time. The commissioner or the board may contract
4 with an independent outside auditor to perform the audit. The audit
5 shall conform to audit standards adopted by the state treasurer under
6 AS 37.06.090.

7 * Sec. 4. AS 15.13.010(a) is amended to read:

8 (a) This chapter applies in every election for governor, lieu-
9 tenant governor, state treasurer, a member of the state legislature, a
10 delegate to a constitutional convention, or judge seeking electoral
11 confirmation. It also applies to every candidate for election to a
12 municipal office in a municipality with a population of more than
13 1,000 inhabitants according to the latest United States census figures
14 or estimates of population certified as correct for administrative
15 purposes by the Department of Community and Regional Affairs. A
16 municipality may exempt its elected municipal officers from the re-
17 quirements of this chapter if a majority of the voters voting on the
18 question at a regular election, as defined by AS 29.71.800(20), or a
19 special municipality-wide election called for that purpose, vote to
20 exempt its elected municipal officers from the requirements of this
21 chapter. The question of exemption from the requirements of this
22 chapter may be submitted by the governing body by ordinance or by
23 initiative election. Nothing in this chapter prohibits a municipality
24 from regulating by ordinance campaign contributions and expenditures.

25 * Sec. 5. AS 15.13.120(f) is amended to read:

26 (f) If, after being sworn into office, a person who was a suc-
27 cessful candidate or the campaign treasurer or deputy campaign trea-
28 surer of a person who was a successful candidate is convicted of a
29 violation of this chapter, proceedings shall be held and appropriate

1 action taken in accordance with

2 (1) art. II, sec. 12 of the state constitution, if the
3 candidate is a candidate for the state legislature;

4 (2) art. II, sec. 20 of the state constitution, if the
5 candidate is a candidate for governor, [OR] lieutenant governor, or
6 state treasurer;

7 (3) AS 29.20.170, if the candidate is a candidate for the
8 borough assembly;

9 (4) AS 29.20.280, if the candidate is a candidate for
10 borough mayor;

11 (5) AS 29.20.170, if the candidate is a candidate for city
12 council;

13 (6) AS 29.20.280, if the candidate is a candidate for city
14 mayor;

15 (7) the provisions of the call for the constitutional
16 convention, if the candidate is a candidate for constitutional conven-
17 tion delegate;

18 (8) art. IV, sec. 10 of the state constitution, if the
19 candidate is a candidate for judicial retention.

20 * Sec. 6. AS 15.13.130(1) is amended to read:

21 (1) "candidate" means a person who files for election to
22 the state legislature, for governor, for lieutenant governor, for
23 state treasurer, for municipal office, for retention in judicial
24 office, or for constitutional convention delegate, or who campaigns as
25 a write-in candidate for any of these offices;

26 * Sec. 7. AS 15.20.430(a) is amended to read:

27 (a) A defeated candidate or 10 qualified voters who believe
28 there has been a mistake made by an election official or by the count-
29 ing board in counting the votes in an election, may file an

1 application with the director within five days after the completion of
2 the state review [TO THE DIRECTOR] for a recount of the votes from any
3 particular precinct or any election district and for any particular
4 office, proposition, or question. However, the application may be
5 filed only within three days after the completion of the state review
6 after the general election for a recount of votes cast for the office
7 of governor and lieutenant governor or state treasurer. If there is a
8 tie vote as provided in AS 15.15.460, the director shall initiate the
9 recount and give notice to the interested parties as provided in
10 AS 15.20.470.

11 * Sec. 8. AS 15.20.460 is amended to read:

12 Sec. 15.20.460. DETERMINATION OF DATE OF RECOUNT. If the direc-
13 tor determines that the application is substantially in the required
14 form, the director [HE] shall fix the date of the recount to be held
15 within three days after the receipt of an application requesting a
16 recount of the general election votes cast for the office of governor
17 and lieutenant governor or state treasurer and within five days after
18 the receipt of an application requesting a recount for any other
19 office, question, or proposition.

20 * Sec. 9. AS 15.20.510 is amended to read:

21 Sec. 15.20.510. PROVISION FOR APPEAL TO COURTS. A candidate or
22 any person who requested a recount who has reason to believe an error
23 has been made in the recount (1) involving any question or proposition
24 or the validity of any ballot may appeal to the superior court in
25 accordance with applicable court rules governing appeals in civil
26 matters, and (2) involving candidates for the legislature or Congress
27 or the office of governor and lieutenant governor or state treasurer
28 may appeal to the supreme court in accordance with rules adopted [AS
29 MAY BE PROMULGATED] by the court. Appeal shall be filed within five

1 days of the completion of the recount. Upon order of the court, the
2 director shall furnish the record of the recount taken including all
3 ballots, registers, and other election material and papers pertaining
4 to the election contest. The appeal shall be heard by the court
5 sitting without a jury. The inquiry in the appeal shall extend to the
6 questions whether or not the director has properly determined what
7 ballots, parts of ballots, or marks for candidates on ballots are
8 valid, and to which candidate or division on the question or proposi-
9 tion the vote should be attributed. The court shall enter judgment
10 either setting aside, modifying, or affirming the action of the direc-
11 tor on recount.

12 * Sec. 10. AS 15.25.050(a) is amended to read:

13 (a) At the time the declaration is filed, each candidate shall
14 pay a filing fee to the director. The filing fee for candidates for
15 office of governor, lieutenant governor, state treasurer, United
16 States senator, and United States representative is \$100. The filing
17 fee for candidates for office of state senator and state representa-
18 tive is \$30. Subject to legislative appropriation, the director shall
19 pay the filing fee collected from a candidate under this section to
20 the central committee of the political party of that candidate.

21 * Sec. 11. AS 15.25.160 is amended to read:

22 Sec. 15.25.160. REQUIRED NUMBER OF SIGNATURES FOR STATEWIDE
23 OFFICE. Petitions for the nomination of candidates for the office of
24 governor, lieutenant governor, state treasurer, United States senator
25 and United States representative shall be signed by qualified voters
26 of the state equal in number to at least three percent of the number
27 of votes cast in the preceding general election. Candidates for the
28 office of governor and lieutenant governor shall file jointly.

29 * Sec. 12. AS 15.35 is amended by adding a new section to read:

1 United States senator, United States representative, governor, lieu-
2 tenant governor, state treasurer, supreme court justice and court of
3 appeals judge, \$150 each;

4 (2) superior court judge, district court judge, \$75 each;

5 (3) state senator, and state representative, \$50 each.

6 * Sec. 17. AS 18.55.996(i) is amended to read:

7 (i) A housing authority created under this section shall have
8 its financial records audited annually by an independent outside
9 auditor. The audit shall conform to audit standards adopted by the
10 state treasurer under AS 37.06.090 [CERTIFIED PUBLIC ACCOUNTANT]. The
11 state treasurer [LEGISLATIVE AUDITOR] may prescribe the form and
12 content of the financial records of the housing authority and shall
13 have access to these records at any time.

14 * Sec. 18. AS 18.56.089 is amended to read:

15 Sec. 18.56.089. EXECUTIVE BUDGET ACT. The operating budget of
16 the corporation is subject to the Executive Budget Act (AS 37.07). To
17 further ensure effective budgetary decision making by the legislature,
18 the corporation shall present a complete accounting of all assets of
19 the corporation, including assets of the Alaska housing finance re-
20 volving fund, to the legislature by January 10 of each year. The
21 accounting shall be audited by an independent outside auditor and
22 shall include a full description of all mortgage loan interest and
23 principal repayments and program receipts, including mortgage loan
24 commitment fees, received by or accrued to the corporation during the
25 preceding fiscal year, and all income earned on assets of the corpo-
26 ration during that period, including earnings on assets of the state
27 assisted mortgage fund. The audit shall conform to audit standards
28 adopted by the state treasurer under AS 37.06.090.

29 * Sec. 19. AS 18.56.200(b) is amended to read:

1 (b) By January 10 of each year, the board shall publish a report
2 of the corporation for distribution to the governor, legislature, and
3 the public. The report shall be written in easily understandable
4 language. The report shall include a financial statement audited by
5 an independent outside auditor, a statement of corporation investments
6 in mortgage loans under this chapter, including an estimate of market
7 value of the mortgage loans, a comparison of the corporation perfor-
8 mance with the goals of the corporation, and the levels of bonding and
9 investment activities anticipated in the previous year's report under
10 (c) of this section, and any other information the board believes
11 would be of interest to the governor, the legislature, and the public.
12 The audit shall conform to audit standards adopted by the state trea-
13 surer under AS 37.06.090. The annual income statement and balance
14 sheet of the corporation shall be published in at least one newspaper
15 in each judicial district. The board may also publish other reports
16 it considers desirable to carry out its purpose.

17 * Sec. 20. AS 24.05.040 is amended to read:

18 Sec. 24.05.040. DUAL OFFICE. A [NO] member of the legislature
19 may not hold any other office or position of profit under the United
20 States or the state. During the term for which elected and for one
21 year thereafter, a [NO] legislator may not be nominated, elected or
22 appointed to any other office or position of profit that [WHICH] has
23 been created, or the salary or emoluments of which have been increased
24 while the legislator [HE] was a member. This section does not prevent
25 any person from seeking or holding the office of governor, lieutenant
26 governor, state treasurer, or member of Congress. This section does
27 not apply to employment by or election to a constitutional convention.
28 A member may serve on or at the request [BEHEST] of an interim commit-
29 tee of the legislature.

1 * Sec. 21. AS 24.20.140 is amended to read:

2 Sec. 24.20.140. APPROPRIATIONS. Appropriations for carrying out
3 AS 24.20.010 - 24.20.140 [SECS. 10 - 140 OF THIS CHAPTER] shall be set
4 forth in the general appropriation bill or in [SUCH] other bills as
5 may be necessary. The council may direct the executive director to
6 transfer amounts from one appropriation to another if the transfer is
7 considered necessary to accomplish the work of the council. The
8 council may not exceed the total amount of the authorized appropria-
9 tion. All expenditures of the council are subject to an annual audit
10 by an independent outside auditor. The audit shall conform to audit
11 standards adopted by the state treasurer under AS 37.06.090 [INDEPEN-
12 DENT AUDIT WHICH SHALL BE MADE ANNUALLY].

13 * Sec. 22. AS 24.20.201(a) is amended to read:

14 (a) The Legislative Budget and Audit Committee may [HAS THE
15 POWER TO:]

16 (1) organize, adopt rules for the conduct of its business
17 and prescribe procedures for the comprehensive fiscal analysis and [,]
18 budget review [AND POST-AUDIT] functions;

19 (2) hold public hearings, administer oaths, issue sub-
20 poenas, compel the attendance of witnesses and production of papers,
21 books, accounts, documents and testimony, and have the deposition of
22 witnesses taken in a manner prescribed by court rule or law for taking
23 depositions in civil actions;

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

27 (4) review revenue projections, state agency appropriation
28 requests, the expenditure of state funds, including the relationship
29 between state agency program accomplishments and legislative intent,

1 and the fiscal policies and procedures of state government;

2 (5) review and approve proposed changes to agency author-
3 ized budgets as provided in the Executive Budget Act (AS 37.07)
4 [(AS 37.07.010 - 37.07.130)];

5 (6) make recommendations concerning appropriations, their
6 expenditure and the fiscal policies and procedures of state government
7 to the governor when appropriate, and to the legislature;

8 (7) prepare and distribute reports, memoranda or other
9 necessary materials;

10 (8) sue in the name of the legislature during the interim
11 between sessions if authorized by majority vote of the full membership
12 of the committee;

13 (9) hold public hearings on the confirmation of the members
14 of the Board of Trustees of the Alaska Permanent Fund Corporation;

15 (10) make recommendations to the legislature and to agencies
16 of the state that [WHICH] perform lending or investment functions
17 concerning the structure and operating practices of the agencies;

18 (11) enter into and enforce all contracts necessary or
19 desirable for the functions of the committee;

20 (12) review the [PROVIDE FOR] annual post audits of the
21 Alaska Housing Finance Corporation and the Alaska Industrial Develop-
22 ment Authority.

23 * Sec. 23. AS 24.20.201 is amended by adding a new subsection to read:

24 (c) The committee shall provide for an annual post audit of the
25 Office of the State Treasurer by an independent auditor. The commit-
26 tee shall distribute the audit report to the governor, the legisla-
27 ture, and the public.

28 * Sec. 24. AS 24.20.206 is amended to read:

29 Sec. 24.20.206. DUTIES. The Legislative Budget and Audit

1 Committee shall

2 (1) report to the legislature its recommendations relating
3 to the confirmation of appointees to the Board of Trustees of the
4 Alaska Permanent Fund Corporation;

5 (2) annually review the long-range operating plans of all
6 agencies of the state that [WHICH] perform lending or investment
7 functions;

8 (3) review periodic reports from all agencies of the state
9 that [WHICH] perform lending or investment functions;

10 (4) present a complete report of investment programs,
11 plans, performance, and policies of all agencies of the state that
12 [WHICH] perform lending or investment functions to the legislature
13 within 30 days after the convening of each regular session;

14 (5) present to the legislature within 30 days after the
15 convening of each regular session a review of the report of the gover-
16 nor under AS 37.07.020(d) with recommendations for needed legislation;

17 (6) in conjunction with the finance committee of each house
18 recommend annually to the legislature the investment policy for the
19 general fund surplus and for the income from the permanent fund;

20 (7) review the [PROVIDE FOR AN] annual post audit and
21 annual management and program audit [OPERATIONAL AND PERFORMANCE
22 EVALUATION] of the Alaska Permanent Fund Corporation investments and
23 investment programs prepared by an independent outside auditor;

24 (8) review the annual post audit and [PROVIDE FOR AN]
25 annual management and program audit [OPERATIONAL AND PERFORMANCE
26 EVALUATION] of the Alaska Housing Finance Corporation and the Alaska
27 Industrial Development Authority prepared by independent outside
28 auditors; the management and program audit [PERFORMANCE EVALUATION]
29 shall include, but is not limited to, a comparison of the impact on

1 various sectors of the economy by public and private lending, the
2 impact on resident and nonresident employment, the impact on real
3 wages, and the impact on state and local operating and capital budgets
4 of the programs of the Alaska Housing Finance Corporation and the
5 Alaska Industrial Development Authority.

6 * Sec. 25. AS 24.20.281 is amended to read:

7 Sec. 24.20.281. [SPECIAL] AUDIT REQUEST. A member of the legis-
8 lature may, in writing and with at least six days notice, request that
9 the budget and audit committee direct a management or program [SPE-
10 CIAL] audit or investigation of any state agency or determine the
11 propriety of any expenditure of state funds received by any political
12 subdivision or other entity obtaining state funds. Should a majority
13 of the committee vote to approve the request, the state treasurer
14 shall provide for or conduct [LEGISLATIVE AUDIT DIVISION SHALL MAKE]
15 the audit.

16 * Sec. 26. AS 24.20.291 is amended to read:

17 Sec. 24.20.291. CONFLICT OF INTEREST. The [LEGISLATIVE AUDITOR,
18 THE SUPERVISOR OF AUDIT, THE] legislative fiscal analyst and members
19 of the staff of the legislative finance division [AND AUDIT DIVISIONS]
20 may not serve in ex officio or other capacity on any board, [()] except
21 as authorized in AS 24.20.231(6) [SEC. 231(6) OF THIS CHAPTER)],
22 commission or other administrative agency of state government; nor may
23 they have a financial interest in transactions involving any agency of
24 state government.

25 * Sec. 27. AS 24.23.030(b) is amended to read:

26 (b) A contract for the Legislative Affairs Agency must [SHALL]
27 be approved by the Legislative Council. A contract for the legisla-
28 tive finance division must [OR THE LEGISLATIVE AUDIT DIVISION SHALL]
29 be approved by the Legislative Budget and Audit Committee.

1 * Sec. 28. AS 24.23.030(c) is amended to read:

2 (c) A legislative committee may request the Legislative Affairs
3 Agency or [,] the legislative finance division [, OR THE LEGISLATIVE
4 AUDIT DIVISION] to carry out the responsibilities set out in AS 24.-
5 23.020(a).

6 * Sec. 29. AS 24.23.040(b) is amended to read:

7 (b) A contract must be executed by the provider of the service
8 and the person responsible for awarding the contract and must be
9 approved as to form by the executive director of the Legislative
10 Affairs Agency or [,] the director of the legislative finance division
11 [, OR THE LEGISLATIVE AUDIT DIVISION] and also by legislative legal
12 counsel.

13 * Sec. 30. AS 24.23.060(a) is amended to read:

14 (a) A copy of each contract and each exemption granted under
15 AS 24.23.020(b) must be filed, as is appropriate, with the Legislative
16 Affairs Agency, the ombudsman, or the legislative finance division,
17 [OR THE LEGISLATIVE AUDIT DIVISION,] and is open for public inspec-
18 tion. The request for proposals and each proposal submitted must be
19 attached to the filed copy unless the contract is one in which re-
20 quests for proposals are not required.

21 * Sec. 31. AS 24.55.330(2) is amended to read:

22 (2) "agency" includes a department, office, institution,
23 corporation, authority, organization, commission, committee, council
24 or board of a municipality or in the executive, legislative or judi-
25 cial branches of the state government, and a department, office,
26 institution, corporation, authority, organization, commission, commit-
27 tee, council or board of a municipality or of the state government
28 independent of the executive, legislative and judicial branches; it
29 also includes an officer, employee or member of an "agency" acting or

1 purporting to act in the exercise of [HIS] official duties, but does
2 not include the governor, lieutenant governor, state treasurer, a
3 member of the legislature, justice of the supreme court, judge of the
4 court of appeals, a superior court judge, district court judge, magis-
5 trate, member of a city council or borough assembly, elected city or
6 borough mayor, or a member of an elected school board;

7 * Sec. 32. AS 24.60.050(e) is amended to read:

8 (e) The state treasurer [DIVISION OF LEGISLATIVE AUDIT] shall
9 annually review state loans granted to or held by persons to whom this
10 chapter applies to determine whether appropriate procedures were
11 observed in granting or reviewing the loans and whether loan condi-
12 tions imposed by the lending agency are being enforced. The treasurer
13 [DIVISION] shall report the [ITS] findings to the committee by April
14 1.

15 * Sec. 33. AS 29.35.120(a) is amended to read:

16 (a) The governing body shall provide for an annual independent
17 audit of the accounts and financial transactions of the municipality
18 or, in the case of a second class city, an audit or statement of
19 annual income and expenditures. To make the audit the governing body
20 shall designate a public accountant who has no personal interest,
21 direct or indirect, in the fiscal affairs of the municipality. The
22 audit shall conform to audit standards adopted by the state treasurer
23 under AS 37.06.090. Copies of the audit shall be available to the
24 public upon request.

25 * Sec. 34. AS 30.13.125 is amended to read:

26 Sec. 30.13.125. AUDIT. The state treasurer [LEGISLATIVE AUDI-
27 TOR] shall audit or shall cause to have audited annually the financial
28 records of an authority. The audit shall conform to audit standards
29 adopted by the state treasurer under AS 37.06.090. The state

1 treasurer [LEGISLATIVE AUDITOR] may prescribe the form and content of
2 the financial records of an authority and shall have access to these
3 records at any reasonable time.

4 * Sec. 35. AS 35.10.135 is amended to read:

5 Sec. 35.10.135. PUBLIC FACILITY PLANNING FUND. There is estab-
6 lished within the Office of the Governor, office of management and
7 budget a public facility planning fund. The fund is a capital fund
8 and consists of (1) money appropriated by the legislature, (2) money
9 reimbursed to it from the proceeds of the sales of general obligation
10 bonds and revenue bonds issued for projects and (3) money reimbursed
11 to it from appropriations for any projects for which money from the
12 fund has been spent. The fund is available for expenditure, on a
13 reimbursable basis, only for the purposes of providing working capital
14 for facility program planning and for facility procurement planning as
15 specified in this chapter. All expenditures from the fund are subject
16 to an [INDEPENDENT] audit which shall be made annually by an independ-
17 ent outside auditor and reported to the governor and the legislature.
18 The audit shall conform to audit standards adopted by the state trea-
19 surer under AS 37.06.090.

20 * Sec. 36. AS 37.05.210 is amended to read:

21 Sec. 37.05.210. FISCAL REPORTING AND STATISTICS. The Department
22 of Administration shall

23 (1) at least once each month and annually, prepare reports
24 as of the close of the preceding month or fiscal year showing the
25 financial condition of each fund as of the close of the respective
26 period and the transactions of each fund for those periods;

27 (2) file with the governor and with the state treasurer
28 [LEGISLATIVE AUDITOR] before October 16 a report of the financial
29 transactions of the preceding fiscal year and of the financial

1 condition of the state as of the end of that year, with comments and
2 supplementary data that [WHICH] it considers necessary; this report
3 shall be printed for the information of the legislature and the pub-
4 lic;

5 (3) compile statistics necessary for the budget and other
6 statistics required by the governor.

7 * Sec. 37. AS 37.12.100 is amended to read:

8 Sec. 37.12.100. ANNUAL AUDIT. The corporation shall have its
9 financial record audited annually by an independent outside auditor.
10 The audit shall conform to audit standards adopted by the state trea-
11 surer under AS 37.06.090. The state treasurer [LEGISLATIVE AUDITOR]
12 may prescribe the form and content of the financial record of the
13 corporation and shall have access to these records at any time.

14 * Sec. 38. AS 37.13.160 is amended to read:

15 Sec. 37.13.160. AUDITS. The Legislative Budget and Audit Com-
16 mittee may request the state treasurer to perform or provide for an
17 annual post audit and annual management and program audit [OPERATIONAL
18 AND PERFORMANCE EVALUATIONS] of the corporation's investments and
19 investment programs.

20 * Sec. 39. AS 37.13.170 is amended to read:

21 Sec. 37.13.170. REPORTS AND PUBLICATIONS. By September 30 of
22 each year, the board shall publish a report of the corporation for
23 distribution to the governor, legislature, and the public. The report
24 shall be written in easily understandable language. The report must
25 include financial statements audited by independent outside auditors,
26 a statement of the amount of money received by the Alaska permanent
27 fund from each investment during the period covered, a statement of
28 investments of the corporation including an appraisal at market value,
29 a description of corporation investment activity during the period

1 covered by the report, a comparison of the corporation performance
2 with the intended goals contained in AS 37.13.020, an examination of
3 the impact of the investment criteria of this chapter on the corpo-
4 ration portfolio with recommendations of any needed changes, and any
5 other information the board believes would be of interest to the
6 governor, the legislature, and the public. The audit shall conform to
7 audit standards adopted by the state treasurer under AS 37.06.090.

8 The annual income statement and balance sheet of the corporation shall
9 be published in at least one newspaper in each judicial district. The
10 income statement and balance sheet for the two fiscal years preceding
11 the publication of the election pamphlet under AS 15.58 shall be
12 included in that pamphlet.

13 * Sec. 40. AS 39.20.050 is amended to read:

14 Sec. 39.20.050. EXCLUSIVE COMPENSATION. The compensation fixed
15 by law for the governor, [AND] lieutenant governor, and state treasur-
16 er is in full for all services rendered by each of them in any offi-
17 cial capacity or employment [WHATSOEVER] during their respective terms
18 of office, and shall be paid throughout their respective terms of
19 office unless the office becomes vacant.

20 * Sec. 41. AS 39.20.060 is amended to read:

21 Sec. 39.20.060. EXCLUSION OF GOVERNOR, [AND] LIEUTENANT GOVER-
22 NOR AND STATE TREASURER FROM PERSONNEL LAWS. Notwithstanding the pro-
23 visions of any other law, the governor, [AND] lieutenant governor, and
24 state treasurer are not considered employees of the state for the
25 purpose of state personnel laws relating to hours of employment,
26 annual leave, sick leave, overtime, compensatory time, and travel
27 allowances. This section does not [NOTHING IN THIS SECTION SHALL BE
28 CONSTRUED TO] deprive the governor, [AND] lieutenant governor, or
29 state treasurer of the right to participate in the state retirement

1 system or in state group insurance plans.

2 * Sec. 42. AS 39.20.310 is amended to read:

3 Sec. 39.20.310. EXCEPTIONS. AS 39.20.200 - 39.20.330 do not
4 apply to

5 (1) members of the state legislature, the governor, the
6 lieutenant governor, the state treasurer, and justices and judges of
7 the supreme and superior courts and of the court of appeals, but
8 nothing in AS 39.20.200 - 39.20.330 may be construed to diminish the
9 salaries fixed by law for these officers by reason of absence from
10 duty on account of illness or otherwise;

11 (2) magistrates serving the state on less than a full-time
12 basis;

13 (3) officers, members of the teaching staff, and employees
14 of the University of Alaska;

15 (4) [Repealed

16 (5)] persons employed in a professional capacity to make a
17 temporary and special inquiry, study, or examination as authorized by
18 the governor, the state treasurer, the legislature, or a legislative
19 committee;

20 (5) [(6)] members of boards, commissions, and authorities
21 who are not otherwise employed by the state;

22 (6) [(7)] temporary employees hired for periods of less
23 than 12 consecutive months;

24 (7) [(8)] persons employed by the division of marine
25 transportation as masters and members of the crews operating the state
26 ferry system who are covered by collective bargaining agreements as
27 provided in AS 23.40.040, except as expressly provided by law; or [.]

28 (8) [(9)] persons employed by the state who are covered by
29 collective bargaining agreements as provided in AS 23.40.210, except

1 as expressly provided by law.

2 * Sec. 43. AS 39.25.110 is amended by adding a new paragraph to read:

3 (24) employees of the office of the state treasurer.

4 * Sec. 44. AS 39.50.020(b) is amended to read:

5 (b) The governor, lieutenant governor, state treasurer, members
6 of the legislature, and candidates for these offices, judicial offi-
7 cers, each commissioner, head or deputy head of, or director of a
8 division within, a department in the executive branch, assistant to
9 the governor or chairman or member of a commission or board required
10 to report under this chapter, shall file the statement with the Alaska
11 Public Offices Commission. Municipal officers, and candidates for
12 elective municipal office, shall file with the municipal clerk or
13 other municipal official designated to receive their filing for of-
14 fice. All statements required to be filed under this chapter are
15 public records.

16 * Sec. 45. AS 39.50.130 is amended to read:

17 Sec. 39.50.130. REPORT OF FINANCIAL INTERESTS OF GOVERNOR, [AND]
18 LIEUTENANT GOVERNOR, AND STATE TREASURER. The governor, [AND] lieu-
19 tenant governor and state treasurer shall each file a report of finan-
20 cial interests required by this chapter. If the governor, [OR] lieu-
21 tenant governor, or state treasurer fails to file the report when due,
22 salary, per diem, and travel expenses after the due date are forfeited
23 and may not be paid until compliance, and the person is guilty of a
24 misdemeanor and upon conviction is punishable by a fine of not less
25 than \$100 nor more than \$1000.

26 * Sec. 46. AS 39.50.200(a)(8) is amended to read:

27 (8) "public official" means a judicial officer, a member of
28 the legislature, the fiscal analyst of the legislative finance divi-
29 sion, [THE LEGISLATIVE AUDITOR OF THE LEGISLATIVE AUDIT DIVISION,] the

1 executive director of the Legislative Affairs Agency and the directors
2 of the divisions within the Legislative Affairs Agency, the governor,
3 the lieutenant governor, a person hired or appointed as the head or
4 deputy head of, or director of a division within, a department in the
5 executive branch, an assistant to the governor, the state treasurer,
6 chairman or member of a state commission or board, and each appointed
7 or elected municipal officer;

8 * Sec. 47. AS 42.40.270 is amended to read:

9 Sec. 42.40.270. AUDITS. (a) The board shall have the financial
10 records of the corporation audited annually by an independent outside
11 auditor [CERTIFIED PUBLIC ACCOUNTANT EXPERIENCED IN RAILROAD ACCOUNT-
12 ING]. The board shall have an annual performance audit conducted by
13 an independent outside auditor [A RECOGNIZED RAILROAD MANAGEMENT
14 EXPERT] to assure that the railroad is being managed and operated
15 effectively and efficiently in accordance with the requirements of
16 this chapter and that each appropriation is used to directly support
17 those services for which the appropriation was requested. Auditors
18 shall use the standards required under AS 42.40.100(9) and determine
19 whether appropriations received for a service that is not self-sus-
20 taining were calculated in accordance with United States Interstate
21 Commerce Commission standards for determining rail service subsidies.
22 To the extent not inconsistent with this section, audits shall conform
23 to audit standards adopted by the state treasurer under AS 37.06.090.

24 (b) The corporation shall make all of its financial records
25 available to an auditor appointed by the governor and to the state
26 treasurer [AND TO THE LEGISLATIVE AUDIT DIVISION FOR EXAMINATION].
27 Disclosure to the public by the auditor or state treasurer [OR LEGIS-
28 LATIVE AUDIT DIVISION] of this information is subject to AS 42.40.220
29 and rules implementing that section.

1 * Sec. 48. AS 43.20.013(a) is amended to read:
2 (a) A resident individual is entitled to a tax credit not to
3 exceed \$100 for
4 (1) a contribution made in a calendar year to a person or
5 organization for use exclusively
6 (A) for a political campaign for a candidate for
7 (i) President or Vice-President of the United
8 States, whether or not the candidate will be voted on in a
9 primary election in Alaska;
10 (ii) United States senator from Alaska;
11 (iii) United States representative from Alaska;
12 (iv) governor, [OR] lieutenant governor, or state
13 treasurer of Alaska;
14 (v) the Alaska legislature;
15 (vi) delegate to an Alaska constitutional conven-
16 tion;
17 (vii) electoral confirmation as a judge or justice
18 of a court in Alaska; or
19 (viii) municipal office in Alaska; or
20 (B) by a group seeking to influence the outcome of a
21 ballot proposition or question in Alaska; and
22 (2) dues paid in a calendar year to a nonprofit organiza-
23 tion organized primarily for the purpose of influencing elections in
24 Alaska.

25 * Sec. 49. AS 44.07.200 is amended to read:
26 Sec. 44.07.200. MONEY OF THE CORPORATION. The state treasurer
27 [LEGISLATIVE AUDITOR] may examine all the accounts and books of the
28 corporation and all other records and papers relating to its financial
29 standing. The state treasurer [LEGISLATIVE BUDGET AND AUDIT

1 COMMITTEE] shall conduct an audit of the corporation [EXAMINATION] at
2 least once every two years or may accept an independent audit of the
3 corporation by a firm of certified public accountants made at the
4 request of the corporation in satisfaction of the examination require-
5 ment. The audit shall conform to audit standards adopted by the state
6 treasurer under AS 37.06.090.

7 * Sec. 50. AS 44.07.280 is amended to read:

8 Sec. 44.07.280. STAFF. The state treasurer shall provide audits
9 [LEGISLATIVE AUDIT DIVISION] and the legislative finance division
10 shall provide [AUDITS,] reports and analyses requested by the commit-
11 tee. The committee may hire and determine the salary of the staff it
12 considers necessary within the limit of the budget approved by the
13 legislature.

14 * Sec. 51. AS 44.47.530 is amended to read:

15 Sec. 44.47.530. ANNUAL REPORT. To further ensure effective
16 budgetary decision making by the legislature, the division shall
17 present a complete accounting of the housing assistance revolving fund
18 to the legislature by January 10 of each year. The accounting shall
19 be audited by an independent outside auditor and shall include a full
20 description of all mortgage loan interest and principal repayments and
21 program receipts, including mortgage loan commitment fees, received by
22 or accrued to the division during the preceding fiscal year, and all
23 income earned on assets of the division during that period. The audit
24 shall conform to audit standards adopted by the state treasurer under
25 AS 37.06.090.

26 * Sec. 52. AS 44.66.050(a) is amended to read:

27 (a) Before the termination, dissolution, continuation or re-
28 establishment of a board or commission under AS 08.03.010 or AS 44.-
29 66.010, or of an agency program under AS 44.66.020 and 44.66.030, a

1 committee of reference of each house, which shall be the standing
2 committee of legislative jurisdiction as provided in the Uniform Rules
3 of the Legislature, shall hold one or more hearings to receive testi-
4 mony from the public, the commissioner of the department having admin-
5 istrative responsibility for each named board, commission, or agency
6 program, and the members of the board or commission involved. The
7 hearings may be joint hearings. The committee shall also consider the
8 proposed budget of the board, commission, or agency program, prepared
9 in accordance with AS 37.07.050(f), the management and program audit
10 [AND THE PERFORMANCE AUDIT] of the activities of the board, commis-
11 sion, or agency program, prepared by an independent auditor selected
12 by the state treasurer under AS 37.06.010. The audit shall conform to
13 audit standards adopted by the state treasurer under AS 37.06.090 [THE
14 LEGISLATIVE AUDIT DIVISION AS PRESCRIBED IN AS 24.20.271(1)]. The
15 committee may consider any other report of the activities of the
16 board, commission or program, including but not limited to annual
17 reports, summaries prepared by the Legislative Affairs Agency, and any
18 evaluation or general report of the manner of conduct of activities of
19 the board, commission, or agency program prepared by the office of the
20 ombudsman.

21 * Sec. 53. AS 44.81.260(b) is amended to read:

22 (b) The requirements of (a) of this section are subject to the
23 following exceptions:

24 (1) The state treasurer or an independent auditor selected
25 by the state treasurer [LEGISLATIVE AUDIT DIVISION] has access to the
26 records of the bank to perform an audit authorized under AS 44.81.270.

27 (2) The board of directors or the president of the bank
28 shall supply statistical and other impersonal information pertaining
29 to members, applicants, and loans in response to requests from the

1 legislature or a state agency or members of the federal farm credit
2 system and may provide similar information upon request to a respon-
3 sible private organization.

4 (3) Information concerning members may be given for the
5 confidential use of a member of the federal farm credit system or
6 other financial institution in contemplation of the extension of
7 credit or the collection of loans.

8 (4) Impersonal information based solely on transactions or
9 experience with a member, such as amounts of loans, terms, and payment
10 records may be given by the bank for the confidential use of a reli-
11 able organization in contemplation of the extension of credit.

12 (5) Credit information concerning a member may be given
13 when the member consents to it in writing.

14 (6) In litigation between a member (or the member's succes-
15 sor in interest) and the bank, any competent evidence may be intro-
16 duced with respect to relevant statements made orally or in writing by
17 or to the member or the successor.

18 * Sec. 54. AS 44.81.270 is amended to read:

19 Sec. 44.81.270. AUDIT OF BANK. The state treasurer or an inde-
20 pendent auditor selected by the state treasurer [LEGISLATIVE AUDITOR]
21 may audit the bank under AS 37.06. The audit shall conform to audit
22 standards adopted by the state treasurer under AS 37.06.090 [CAUSE THE
23 BANK TO BE AUDITED IN THE MANNER AND UNDER THE CONDITIONS PRESCRIBED
24 BY AS 24.20.271 FOR AUDITS PERFORMED BY THE LEGISLATIVE AUDIT DIV-
25 ISION]. The state treasurer or the independent auditor [LEGISLATIVE
26 AUDIT DIVISION] has free access to all books and papers of the bank
27 that relate to its business and books and papers kept by a director,
28 officer, or employee relating to or upon which a record of its busi-
29 ness is kept, and may summon witnesses and administer oaths or

1 affirmations in the examination of the directors, officers, or em-
2 ployees of the bank or any other person in relation to its affairs,
3 transactions, and conditions, and may require and compel the produc-
4 tion of records, books, papers, contracts, or other documents by court
5 order if not voluntarily produced.

6 * Sec. 55. AS 44.81.280 is amended to read:

7 Sec. 44.81.280. PROHIBITION ON DISCLOSURE. The state treasurer
8 [LEGISLATIVE AUDITOR] and the treasurer's agents or [AUDITOR'S] em-
9 ployees may not disclose information acquired by them in the course of
10 an audit of the bank concerning the particulars of the business or
11 affairs of a borrower of the bank or another person, unless the infor-
12 mation is required to be disclosed by law or under a court order.

13 * Sec. 56. AS 44.82.180 is amended to read:

14 Sec. 44.82.180. ANNUAL AUDIT. The authority shall have its
15 financial records audited annually by an independent outside auditor.
16 The audit shall conform to audit standards adopted by the state trea-
17 surer under AS 37.06.090 [THE LEGISLATIVE AUDITOR OR BY A CERTIFIED
18 PUBLIC ACCOUNTANT APPROVED BY THE LEGISLATIVE AUDITOR]. The state
19 treasurer [LEGISLATIVE AUDITOR] may prescribe the form and content of
20 the financial records of the authority and is entitled to access to
21 these records at any time.

22 * Sec. 57. AS 44.83.190 is amended to read:

23 Sec. 44.83.190. ANNUAL AUDIT. The authority shall have its
24 financial records audited annually by an independent outside auditor
25 [A CERTIFIED PUBLIC ACCOUNTANT]. The state treasurer [LEGISLATIVE
26 AUDITOR] may prescribe the form and content of the financial records
27 of the authority and shall have access to these records at any time.
28 The audit shall conform to audit standards adopted by the state trea-
29 surer under AS 37.06.090.

1 * Sec. 58. AS 44.85.100(a) is amended to read:

2 (a) Before October 1 of each year the bond bank authority shall
3 make a report of its activities for the preceding fiscal year to the
4 governor and to the legislature. The report shall set out a complete
5 operating and financial statement covering its operations during the
6 year. The bond bank authority shall have an audit of its books and
7 accounts made at least once in each year by an independent outside
8 auditor [CERTIFIED PUBLIC ACCOUNTANTS] and the cost of the audit shall
9 be considered an expense of the bond bank authority and a copy of the
10 audit shall be filed with the commissioner of revenue and the legisla-
11 ture. The audit shall conform to audit standards adopted by the state
12 treasurer under AS 37.06.090.

13 * Sec. 59. AS 44.88.200 is amended to read:

14 Sec. 44.88.200. ANNUAL AUDIT. The authority shall have its
15 financial records audited annually by an independent outside auditor.
16 The audit shall conform to audit standards adopted by the state trea-
17 surer under AS 37.06.090 [THE LEGISLATIVE AUDITOR OR BY A CERTIFIED
18 PUBLIC ACCOUNTANT APPROVED BY THE LEGISLATIVE AUDITOR]. The state
19 treasurer [LEGISLATIVE AUDITOR] may prescribe the form and content of
20 the financial records of the authority and shall have access to these
21 records at any time.

22 * Sec. 60. AS 47.40.031 is amended to read:

23 Sec. 47.40.031. REQUIRED ACCOUNTING PROCEDURES. Facilities that
24 solicit or receive grants from the department for the cost of services
25 provided under AS 47.40.011 - 47.40.091 shall

26 (1) meet accepted standards of fiscal accountability for
27 public money and shall, upon request, submit to the department and to
28 the state treasurer [DIVISION OF LEGISLATIVE AUDIT] a complete finan-
29 cial statement prepared by an independent certified public accountant;

1 (2) keep records of the expenditures for the services
2 provided, using cost-accounting procedures in accordance with depart-
3 ment regulations;

4 (3) upon request, furnish the department and the state
5 treasurer [DIVISION OF LEGISLATIVE AUDIT] all fiscal information,
6 books, records, and accounts pertaining to services paid for under
7 AS 47.40.011 - 47.40.091.

8 * Sec. 61. TRANSITION. All litigation, hearings, investigations and
9 other proceedings pending under a law amended or repealed by this Act, or
10 in connection with functions transferred by this Act, continue in effect
11 and may be continued and completed notwithstanding a transfer or amendment
12 or repeal provided for in this Act. Certificates, orders, and regulations
13 issued or adopted under authority of a law amended or repealed by this Act
14 remain in effect for the term issued, until revoked, vacated, or otherwise
15 modified under the provisions of this Act. All contracts, rights, liabil-
16 ities, and obligations created by or under a law amended or repealed by
17 this Act, and in effect on the effective date of this Act, remain in effect
18 notwithstanding this Act's taking effect. Records, equipment, and other
19 property of agencies of the state whose functions are transferred under
20 this Act shall be transferred commensurate with the provisions of this Act.

21 * Sec. 62. NAME CHANGE. To be consistent with the changes made by this
22 Act, wherever in the Alaska Statutes and in regulations adopted under those
23 statutes, "Legislative Audit Division" and other terms identifying the
24 division are used, they must be read as referring to the Office of the
25 State Treasurer. Under AS 01.05.031, the revisor of statutes shall imple-
26 ment this section in the statutes, and under AS 44.62.125(b)(6), the regu-
27 lations attorney shall implement this section in the administrative regu-
28 lations.

29 * Sec. 63. AS 24.20.241, 24.20.251, 24.20.261, 24.20.271, 24.20.301(a);

1 and AS 24.23.060(b) are repealed.

2 * Sec. 64. Sections 4 - 16, 20, 44 and 48 of this Act take effect on
3 the effective date of the constitutional amendment proposing amendments to
4 the Constitution of the State of Alaska relating to the office of state
5 treasurer.

6 * Sec. 65. Sections 1 - 3, 17 - 19, 21 - 43, 45 - 47, and 49 - 63 take
7 effect on the first day of the first term of the first state treasurer.