

"An Act making a supplemental appropriation to the Office of the Governor; and providing for an effective date."

3/3/75

COMMITTEE REPORT

HOUSE

Mr. Speaker:

Date March 3, 1975

The Committee on FINANCE has had HB 250

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

[Signature] _____

[Signature] _____

Members NOT concurring in the Majority report:

[Signature] recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Chairman

Introduced: 3/3/75
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 250

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Office of the Governor; and providing for an
8 effective date."

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

10 * Section 1. The sum of \$1,258,300 is appropriated from the general
11 fund to the Office of the Governor for the fiscal year ending June 30,
12 1975 to be allocated as follows:

13 Bethel Office	\$ 21,900
14 Disaster Relief Fund	1,000,000
15 Public Defender Agency,	
16 FY 74 and FY 75 costs	118,000
17 Human Rights Commission,	
18 FY 74 and FY 75 costs	61,000
19 Elections, recount costs and	
20 terminal leave	30,000
21 Telecommunications	<u>27,400</u>
22	\$1,258,300

23 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
24 10.C70(c).

REPORT ON EXAMINATION
OFFICE OF THE GOVERNOR
PUBLIC DEFENDER AGENCY
FOR JULY 1, 1974 - DECEMBER 31, 1974

I. INTRODUCTION

This is a review which we have completed on select expenditures paid by the Public Defender Agency for the first six months of fiscal year 1975. This review was initiated at the request of Mr. Bill Gordon, Special Assistant to the Governor, for the purpose of establishing the amount of fiscal year 1974 expenditures which have been charged against current year authorization balances. We have also examined current year expenditure balances at December 31, 1974 in order to assert the funds available to the Public Defender Agency for the remaining six months of fiscal year 1975 and the amount of supplemental appropriation which should be requested from the legislature.

In determining the fiscal position of the Public Defender Agency, we addressed four main areas: the amount of prior year expenditures charged against fiscal year 1975; the certifying officers who were responsible and the circumstances surrounding the payment of these expenditures; the legality of such actions; and the statutory stipulations pertaining thereto. We also reviewed the memo of January 22, 1975 which was submitted to Mr. Doug Baily, Administrative Assistant to the Governor, by the Fiscal Office within the Office of the Governor.

II. SCOPE

We reviewed all prior year expenditures that were charged against fiscal year 1975 as well as a review of vouchers applicable to lease rental fees and ASHA payments for fiscal year 1975. We have also examined findings and recommendations set forth in the State Internal Auditor's examination dated March 15, 1973 on the Public Defender Agency which covered fiscal years 1971, 1972, and 1973. Also, a review was made on the Special Audit Report dated November 7, 1973 which was prepared by Legislative Audit.

III. FINDINGS

1. Status of Prior Year Audit Findings.

The Internal Auditor's report found that the Public Defender Agency for fiscal year 1973 withheld invoices for two to three months before submission for payment. This in effect understated both the agency's and State's expenditure and authorization balances for the months that the bills were not paid. Also, it created a very unequitable situation because the vendor did not receive prompt payment.

The Legislative Audit's report which did a review of the status of action taken on the above finding found that the accounts payables were being kept current although a lack of filing equipment made it difficult to maintain orderly files.

2. Prior Year Expenditures.

We have identified \$66,554.00 of prior year expenditures which were charged against fiscal year 1975. A total of seventy six invoices

for charges from fiscal year 1974 were examined. Of these seventy six invoices, there were forty three invoices which were contractual services related. It is our opinion that these expenditures were illegal charges against fiscal year 1975 appropriations. The invoices in support of the above expenditures were coded by the Public Defender Anchorage Office as prior year expenditures chargeable to the 1974 fiscal year. This coding apparently was changed to current year charges by the certifying officers within the Office of the Governor.

Alaska Statutes 3.10.020 - 37.10.040 clearly and specifically defines the following responsibilities of a Certifying Officer as follows:

The Certifying Officer is responsible for the existence of correctness of the facts recited in the certificate or stated on the voucher or its supporting papers and for the legality of the proposed payment under the appropriation or fund involved. (Emphasis added.)

The Certifying Officer shall be held accountable for and required to make good to the State the amount of illegal, improper, or incorrect payment resulting from false, inaccurate, or misleading certification made by him, or a payment prohibited by law or which does not represent a legal obligation under the appropriation involved. (Emphasis added.)

Since the Certifying Officers - Mrs. Elsie Newton and Mr. James Fennel - are no longer employed by the Office of the Governor, we could not establish the circumstances surrounding the code changes. Evidently, prior year lapse funds were insufficient to cover the \$66,554.00 and therefore, expenditures were illegally allowed to be lagged over and charged against current appropriations. It is our opinion that prior year expenditures should have been paid with a supplemental appropriation or by prior legislative approval.

We believe that the responsibility for illegally certifying the \$66,554.00 of prior year expenditures cannot be affixed to any present employees of either the Public Defender Agency or the Fiscal Office of the Office of the Governor. Therefore, we recommend that any further legal action not be pursued.

3. Untimely Submission of Invoices for Payment.

The same conditions as described in findings of prior audits were in existence during fiscal year 1974. Invoices were held back by the Anchorage Agency Office for submission at the end of fiscal year 1974. We found some invoices which dated back ten months, to September, 1973, that were not submitted for payment until June, 1974. Although these vouchers were coded into the proper fiscal year by the Public Defender Agency, the codes, as described above, were later changed by the Fiscal Office of the Office of the Governor because of insufficient lapse funds.

We feel that all invoices should be paid in a regular and timely basis. The preparation of invoices for payment processing should be instituted, at the minimum, on a weekly basis. Furthermore, the statutory requirements in regards to controls and responsibility over fiscal year expenditures should be incumbent to only the agency which will bear ultimate responsibility. To avoid further incurrences of illegal code changes and certification of expenditures, we recommend to the Office of the Governor that they implement steps to grant full certifying authority to the Administrative Officer in the Public Defender Office. In so doing, it should be stressed that in the future, the Public Defender Agency will bear the full responsibility for fiscal control.

4. Lease and Rental Adjustments.

Lease payments for the Anchorage Agency Office were discontinued on December 15, 1974. The Division of Finance was not notified of this fact resulting in a \$2,503.75 overpayment. This amount has been requested as a refund from the vendor. The remaining unexpended \$8,612.50 of budgeted rent is available to the agency for the remainder of the year.

The Nome Office has closed its offices as of July 1, 1974 and has since been operating on a contractual basis. We have been informed by the Public Defender Office that \$400.00 of rent payments will be refunded from the contracting attorney. The remaining \$1,800.00 that was restricted is available to the Public Defender's Account.

The Fiscal Office of the Office of the Governor has adjusted \$10,997.00 of ASHA payments from the Public Defender Office accounts to the Executive Office account. This appears to be proper because \$10,997.00 was budgeted by the Executive Office to cover payments of this type. Also, due to unbudgeted rental increases having been charged to the Ketchikan account, and the fact that the bond payment for the Fairbanks Office was not applicable to the Public Defender Agency, we feel that the \$10,977.00 transfer is in keeping with the intent of the Governor's Executive Office budget.

5. Ending Authorization Balances as of December 31, 1974.

As shown in Exhibit A, the current authorization balances on all budget categories except personal services available to the Public Defender Agency for the last six months of fiscal year 1975 is a minus \$9.42.

Mr. Nick Mangieri, Administrative Officer in the Public Defender Office, has informed us that the Fiscal Office of the Office of the Governor was informed by him early in the fiscal year of the possibility that fiscal year 1975 expenditures balances were overstated as the result of prior years expenditure being charged to the current fiscal year balances, particularly in the contractual services budget category. Apparently, Mr. Keith Wiese, at that time Administrative Officer in the Office of the Governor, responded to Mr. Mangieri concerns by stating that the situation was being taken care of. Although, this conversation was never confirmed in writing, we do believe from examining other correspondence between the Public Defender Agency in Anchorage and the Fiscal Office in the Office of the Governor that there was a serious lack of communications and non-response on the part of the Fiscal Office toward the Public Defender Agency.

We have projected the amount of additional funding that will be needed by the Public Defender Agency for the last six months of fiscal year 1975. At the present rate of expenditures, the Public Defender Agency will disburse approximately \$210,500.00 for the last half of fiscal year 1975. Contingent in obtaining lease rental and bond payment recoveries, \$13,980.00; and the transfer of personal services to contractual categories, \$82,800.00; we have determined that the Public Defender Agency will require \$113,720.00 supplemental appropriation from the legislature to avoid a deficit at fiscal year end. We recommend that a \$113,720.00 supplemental appropriation be requested, due in part from the \$66,500.00 of erroneous prior year expenditures.

The personal services transfers cover personnel positions in the Nome agency office which were deleted due to the closing of that office. The function of providing legal services to the City of Nome will be contracted out to private attorneys, therefore, justifying the transfer of personal services into the contractual budget categories.

SUMMARY

We recommend that the Administrative Officer within the Office of the Governor take prompt attention to monitoring all refunds of rents, refunds of rent restrictions, and the transference of personal services into contractual budget categories applicable to the Nome Office in order to assure that adequate authorized balances will be available to cover all current outstanding obligations. We also suggest that all current outstanding obligations be promptly paid up the transference of sufficient balances.

As mentioned in our findings, further legal action in regards to unauthorized payments on prior year expenditures should not be pursued being that the responsible certifying officers are no longer employed by the State.

We recommend that expeditious action be taken by the Office of the Governor to request an additional \$113,720.00 from the legislature in order to fund expenditures that will be incurred by the Public Defender Office for the last six months of fiscal year 1975.

We feel it is imperative that full certifying authority be granted to the Administrative Officer of the Public Defender Agency, Mr. Nick Mangieri, in order to place full statutory responsibilities upon the Public Defender Agency and therefore making it incumbent upon that agency for future fiscal accountability.

01-41
Sam D. Jurgens
Internal Auditor
February 4, 1975

EXHIBIT A

PUBLIC DEFENDER AGENCY
CURRENT YEAR AUTHORIZATIONS AND EXPENDITURE BALANCES
AS OF 12/31/74

<u>Budget Category</u>	<u>Authorization</u>	<u>Disbursements</u>	<u>Transfer-Out</u>	<u>Expenditures</u>	<u>Restrictions</u>	<u>Balance</u>
100 Personal Services	\$ 784,200.00	\$363,096.06		\$363,096.06		\$421,103.94
200 Travel	45,500.00	33,370.97	(\$1,329.00)	32,041.97		13,458.03
300 Contractual Services	182,822.00	198,472.44	838.36	199,310.80	\$2,683.68	(19,172.48)
400 Commodities	10,900.00	7,778.44		7,778.44		3,121.56
500 Equipment	4,500.00	1,897.69		1,897.69		2,602.31
Total	<u>\$1,027,922.00</u>	<u>\$604,615.60</u>	<u>(\$ 490.64)</u>	<u>\$604,124.96</u>	<u>\$2,683.68</u>	<u>\$421,113.36</u>

HB 250

March 3, 1975

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99611

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Legislature, I am transmitting a bill making a supplemental appropriation to the Office of the Governor for \$1,258,300.

The money is to be allocated as follows:

- \$21,900 to fund the Office of the Governor in Bethel;
- \$1,000,000 to the Disaster Relief Fund; the fund requires replenishing to allow the Governor to make special allocations to alleviate disasters and their effects, as authorized by AS 44.19.171;
- \$118,000 to the Public Defender Agency, for 1974 Fiscal Year obligations and to fund the remainder of the 1975 Fiscal Year's activities;
- \$61,000 to the Human Rights Commission, to repay 1974 Fiscal Year overexpenditures charged to a continuing federal grant and to provide additional 1975 Fiscal Year funding to cover an expected deficit;
- \$30,000 to the Division of Elections, to pay the costs of the election recount, plus the amounts paid for terminal leave; and
- \$27,400 to the Office of Telecommunications, for travel, contractual services, commodities, and equipment.

Sincerely,

Jay S. Hammond
Governor

MEMORANDUM

State of Alaska

TO: -Larry Talbert
Special Assistant to
the Governor

DATE: January 21, 1975

FILE NO:

TELEPHONE NO:

FROM: Marian L. Hellen
Administrative Officer

SUBJECT: Supplemental Appropriation
Office of Telecommunications

The following is submitted for your review and concurrence as the request for the subject supplemental.

<u>Travel</u>		<u>Total Request</u>
Conventions & Meetings Out-of-State		
Transportation	\$3,125	
Per Diem & Related	875	
	<u>\$4,000</u>	
Administrative In-State		
Transportation	\$ 930	
Per Diem & Related	840	
	<u>\$1,770</u>	\$ 5.8

The above travel includes 5 trips to Washington, D.C. by the Director for IEEE Conference, 2 Common Carrier Evaluation hearings, the organizational meeting for the Steering Committee of the Public Service Satellite Consortium and presentation of the ATS-6 Demonstration to the National Institute of Education. Estimated per diem is 5 1/2 days per trip. The administrative travel is required for six Juneau/Anchorage trips, 4 days each.

Contractual

Professional Services	\$20,000	\$20.5
Evaluation of RCA Statewide Communications Systems Plan.		
Printing-Bi-monthly Newsletter & Stationery	\$ 500	
<u>Commodities</u> - Office Supplies	\$ 300	\$.3
<u>Equipment</u> -Typewriter & Stand	\$ 800	\$.8
		<u>\$27.4</u>

cc: V. Kent Dawson, Director
Division of Budget & Management

MEMORANDUM

State of Alaska

TO: Larry Talbert
Special Assistant to
the Governor

DATE: January 21, 1975

FILE NO:

TELEPHONE NO:

FROM: Marian L. Hellen
Administrative Officer

SUBJECT: Supplemental Appropriation
Bethel Office of the Governor

The following is submitted for your review and concurrence as the request for the subject supplemental.

<u>Personal Services</u>		<u>Request total</u>
Administrative Officer, Range 19B \$2246/month, 6 man months	\$13,476	
Benefits @ 18%	\$ 2,426	
	<u>\$15,902</u>	\$15.9
<u>Travel</u>		
Administrative In-state Transportation	\$ 2,914	
Per Diem & related costs	\$ 480	
	<u>\$ 3,394</u>	\$ 3.4
Travel reflects: 4 Juneau trips, 4 days each 2 Anchorage trips, 2 days each 6 village field trips, 1 day each		
<u>Contractual Services</u>		
Communications (Incl L.D.)	\$ 620	
Machine rental- copier service	\$ 300	
	<u>\$ 920</u>	\$.9
<u>Commodities</u> - Consumable office supp.	\$ 200	\$.2
<u>Equipment</u>	\$ 1,500	
Based on above position needs:		
1 Executive Desk & chair		
1 Calculator		
1 Typewriter		
2 File Cabinets		<u>\$ 1.5</u>
		<u>\$21.9</u>

cc: V. Kent Dawson, Director
Division of Budget & Management

MEMORANDUM

TO: Andrew S. Warwick, Commissioner
Department of Administration

DATE : February 6, 1975

FROM: ~~Larry W. Talbert~~
Administrative Assistant
to the Governor

SUBJECT: Supplemental Appropriation
Public Defender Agency

The Public Defender Agency requires a supplemental appropriation of \$118.0 for the remainder of FY 75. The agency expended all authorization other than personal services by December 31, 1974. This over-expenditure is attributable in part to \$66,500 for prior year obligations illegally charged to the current appropriation. The agency did not lapse sufficient funds in FY 74 to provide payment of outstanding obligations. Additionally \$7.0 in prior year costs billed this fiscal year are being held for payment pending legislative approval. The remaining \$44.5 requested will provide sufficient authorization for the FY 75 anticipated deficit.

FY 75 rates of expenditure are consistent with the maintenance budget request; however, authorization was provided for support costs equal to or less than FY 73 actual expenditures. Although the agency is no longer required to absorb legal fees for conflict of interest cases, it must utilize private attorneys to replace services lost by denied maintenance attorney positions. Professional services are also required for medical or psychiatric evaluations, expert witness fees and legal aides. Approximately 30% of all contractual expenditures are relative to such professional fees and services. Travel for the third and fourth judicial districts cost \$35.3 in FY 73. The current authorization of \$24.0 is insufficient for maintenance level performance. The prior year travel costs absorbed in this year are attributable to these districts.

Your assistance in expediting this request will be appreciated. Budget amendment details are attached.

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

REVISED PROGRAM
 COST ANALYSIS SUMMARY
 by BUDGET COMPONENT

AGENCY	CATEGORY	06	Admin of Justice
Office of Governor	PROGRAM	64	Public Defender
DIVISION	SUB-PROGRAM	01	Operations
Public Defender Agency	ELEMENT	03	Third Judicial
	SUB-ELEMENT		

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE, (DECREASE)	AMENDED AUTHORIZATION
100	PERSONAL SERVICES	378.6		378.6
200	TRAVEL	16.5	19.9	36.4
300	CONTRACTUAL SERVICES	122.2	40.0	162.2
400	COMMODITIES	5.5	5.0	10.5
500	EQUIPMENT	2.5		2.5
600	LANDS, BUILDINGS, NON-STRUCTURAL IMPROVEMENTS			
700	GRANTS, CLAIMS, SHARED REVENUE			
800	MISCELLANEOUS			
	INTER-AGENCY TRANSFERS (INCLUDED ABOVE)			
	TOTAL	525.3	64.9	590.2
NEW CODE	FEDERAL RECEIPTS			
	REQUIRED GENERAL FUND MATCHING			
	OTHER GENERAL FUND	525.3	64.9	590.2
	INTER-AGENCY TRANSFERS			
	OTHER:			
	TOTAL	525.3	64.9	590.2
	PERMANENT FULL-TIME POSITIONS			
	PERMANENT PART-TIME POSITIONS			
	TEMPORARY (FULL-TIME EQUIVALENTS)			
	NUMBER OF MAN MONTHS			

(CURRENT FY)

	FY ____	FY ____	FY ____	FY ____	FY ____	FY ____
EXPENDITURES - TOTAL						
SOURCE OF FUNDS						
FEDERAL						
REQ. G.F. MATCH						
OTHER G. F.						
OTHER (SPECIFY)						

REVISED PROGRAM
COST ANALYSIS SUMMARY
by BUDGET COMPONENT

AGENCY	CATEGORY	code	
Office of the Governor	PROGRAM	06	Admin of Justice
		64	Public Defender
DIVISION	SUB-PROGRAM	01	Operations
Public Defender	ELEMENT	04	4th Judicial
	SUB-ELEMENT		

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE, (DECREASE)	AMENDED AUTHORIZATION
100	PERSONAL SERVICES	198.9		198.9
200	TRAVEL	7.5	21.3	28.8
300	CONTRACTUAL SERVICES	25.2	31.8	57.0
400	COMMODITIES	2.7		2.7
500	EQUIPMENT	2.0		2.0
600	LANDS, BUILDINGS, NON-STRUCTURAL IMPROVEMENTS			
700	GRANTS, CLAIMS, SHARED REVENUE			
800	MISCELLANEOUS			
	INTER-AGENCY TRANSFERS (INCLUDED ABOVE)			
	TOTAL	236.3	53.1	289.4
NEW CODE	FEDERAL RECEIPTS			
	REQUIRED GENERAL FUND MATCHING			
	OTHER GENERAL FUND	236.3	53.1	289.4
	INTER-AGENCY TRANSFERS			
	OTHER:			
	TOTAL	236.3	53.1	289.4
	PERMANENT FULL-TIME POSITIONS			
	PERMANENT PART-TIME POSITIONS			
	TEMPORARY (FULL-TIME EQUIVALENTS)			
	NUMBER OF MAN MONTHS			

(CURRENT FY)

	FY ____	FY ____	FY ____	FY ____	FY ____	FY ____
EXPENDITURES - TOTAL						
SOURCE OF FUNDS						
FEDERAL						
REQ. G.F. MATCH						
OTHER G. F.						
OTHER (SPECIFY)						

MEMORANDUM

State of Alaska

TO: Andrew S. Warwick, Commissioner
Department of Administration

DATE: February 5, 1975

FILE NO:

TELEPHONE NO:

FROM: Larry W. Talbert *LWT*
Administrative Assistant
to the Governor *2/5*

SUBJECT: Supplemental Appropriation
Human Rights Commission

The Human Rights Commission requires a supplemental appropriation of \$21.0 for FY 74 over-expenditures charged to a continuing federal grant and additional FY 75 funding to cover an expected deficit of \$40.0.

Insufficient program controls and direct charges of obligations contrary to provisions of Grant FEP 74050 requires repayment of \$20,886 from the general fund. This grant with the Equal Employment Commission was to expire on December 31, 1974. The new Executive Director for the Human Rights Commission requested and received an extension to provide an audit of the grant. This request is consistent with the report on examination by the auditor dated January 24, 1975. Subsequent grants and acceptance of the final reporting on the above grant is contingent on this repayment.

The FY 75 expected deficit of \$40.0 is a result of higher support costs for travel, commodities and equipment for Vista Volunteer staff. Six investigator positions were requested for FY 75 and anticipated use of VISTA contract staff for research and statistical duties. The positions were disallowed and the agency altered the intent of the VISTA contract to use volunteers for investigation and conciliation of cases filed with the agency. Travel and other costs related to the new positions were incurred by use of the volunteers but funding was not provided for this alternative.

The new Executive Director has initiated management controls to perform in accordance with the authorized budget. *LWT*

Travel for the remainder of the fiscal year is limited to: two quarterly Commission meetings as required by law, minimum travel by the Executive Director to field offices, travel of staff for investigations and attorneys and hearing examiners (Commissioners) as required when settlement efforts fail. The request for other costs is to off-set existing over-expenditures and provide required office supplies and services for the balance of this year.

Your assistance in expediting this request is appreciated. Budget Amendment details are attached.

cc: Mr. Neil Thomas
Executive Director

STATE OF ALASKA
Dept. of Administration
Budget & Management Div.

REVISED PROGRAM
COST ANALYSIS SUMMARY
by BUDGET COMPONENT

AGENCY	CATEGORY	code	
Office of the Governor	PROGRAM	06	Admin of Justice
		67	Prot of Indiv Rights
DIVISION	SUB-PROGRAM	01	Human Rights Comm
Human Rights Commission	ELEMENT	01	Operations
	SUB-ELEMENT	00	

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE, (DECREASE)	AMENDED AUTHORIZATION
100	PERSONAL SERVICES	124.8		124.8
200	TRAVEL	20.0	22.0	42.0
300	CONTRACTUAL SERVICES	49.4	13.0	62.4
400	COMMODITIES	3.2	4.0	7.2
500	EQUIPMENT	1.1	1.0	2.1
600	LANDS, BUILDINGS, NON-STRUCTURAL IMPROVEMENTS			
700	GRANTS, CLAIMS, SHARED REVENUE			
800	MISCELLANEOUS			
	INTER-AGENCY TRANSFERS (INCLUDED ABOVE)			
	TOTAL	198.5	40.0	238.5
NEW CODE	FEDERAL RECEIPTS			
	REQUIRED GENERAL FUND MATCHING			
	OTHER GENERAL FUND	198.5	40.0	238.5
	INTER-AGENCY TRANSFERS			
	OTHER:			
	TOTAL	198.5	40.0	238.5
	PERMANENT FULL-TIME POSITIONS	8		8
	PERMANENT PART-TIME POSITIONS			
	TEMPORARY (FULL-TIME EQUIVALENTS)			
	NUMBER OF MAN MONTHS	96		96

(CURRENT FY)

	FY ____	FY ____	FY ____	FY ____	FY ____	FY ____
EXPENDITURES - TOTAL						
SOURCE OF FUNDS						
FEDERAL						
REQ. G.F. MATCH						
OTHER G. F.						
OTHER (SPECIFY)						

MEMORANDUM

OFFICE OF THE GOVERNOR

DATE: December 10, 1974

TO: Wayne Weeks, Analyst
General Government Category TELEPHONE NO.:
Division of Budget and Management

FILE NO.:

FROM: James D. Fennel
Administrative Officer

SUBJECT: Supplemental
Division of Elections

As we discussed, I am submitting a supplemental request for the Elections Division due to the recent recount of the election held November 5, 1974. Also included in this request is the additional funds required to cover the termination pay for five employees.

<u>Recount</u>		<u>Termination Pay</u>	
Troopers	7.0	152 hours @ 16.62 =	2526
Election Board	3.8	339 hours @ 3.89 =	3013
Travel	2.0	562 hours @ 11.93 =	6704
Hand count	1.6	579 hours @ 7.67 =	4440
	<u>14.4</u>		<u>17.0</u>
		Benefits 18%	<u>2.4</u>
			19.4

The total request is 33.8 general fund money.

Your continued prompt attention to these matters is appreciated.

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

REVISED PROGRAM
 COST ANALYSIS SUMMARY
 by BUDGET COMPONENT

AGENCY	CATEGORY	code
Office of the Governor	PROGRAM	
DIVISION	SUB-PROGRAM	
Elections	ELEMENT	
	SUB-ELEMENT	

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE (DECREASE)	AMENDED AUTHORIZATION
100	PERSONAL SERVICES	268.4	19.4	287.8
200	TRAVEL	11.0	5.8	16.8
300	CONTRACTUAL SERVICES	489.5	8.6	498.1
400	COMMODITIES	15.8	-0-	15.8
500	EQUIPMENT	23.6	-0-	23.6
600	LANDS, BUILDINGS, NON-STRUCTURAL IMPROVEMENTS			
700	GRANTS, CLAIMS, SHARED REVENUE			
800	MISCELLANEOUS			
	INTER-AGENCY TRANSFERS (INCLUDED ABOVE)			
	TOTAL	808.3	33.8	842.1
NEW CODE	FEDERAL RECEIPTS			
	REQUIRED GENERAL FUND MATCHING			
	OTHER GENERAL FUND	808.3	33.8	842.1
	INTER-AGENCY TRANSFERS			
	OTHER:			
	TOTAL	808.3	33.8	842.1
	PERMANENT FULL-TIME POSITIONS	13		13
	PERMANENT PART-TIME POSITIONS	1		1
	TEMPORARY (FULL-TIME EQUIVALENTS)	6		6
	NUMBER OF MAN MONTHS	240.0		240.0

(CURRENT FY)

	FY 75	FY	FY	FY	FY
EXPENDITURE - TOTAL	842.1				
SCIP CHANGES					
FEDERAL					
REQ. G.F. MATCH					
OTHER G.F.	842.1				
OTHER (SPECIFY)					

Disaster Relief Fund

Fund Balance 6/30/74	\$365,400
Allocated for Bering Sea Disaster	<u>320,000</u>
Balance	\$ 45,000

Of the balance of \$45,000 the majority could be required to pay costs associated with the movement by the federal government of emergency power generator units. The federal government has been requiring the State to pay the cost of transportation of the units.

To provide for funding for the Disaster Relief Fund it is necessary to appropriate State General Funds because the original sources of funding, disaster taxes, have been repealed. It will most likely be necessary to repeal AS 44.19.173 to allow a direct appropriation.

An appropriation of \$1,000,000 would allow maximum funding for 2 major disasters or a number of minor items for which State assistance should be made available.

Disaster Relief Fund

Fund Balance 6/30/74	\$365,400
Allocated for Bering Sea Disaster	<u>320,000</u>
Balance	\$ 45,000

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An appropriation of \$1,000,000 would allow maximum funding for 2 major disasters or a number of minor items for which State assistance should be made available.

111 25

REPORT ON EXAMINATION
OFFICE OF THE GOVERNOR
PUBLIC DEFENDER AGENCY
FOR JULY 1, 1974 - DECEMBER 31, 1974

STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION
STATE INTERNAL AUDITOR



REPORT ON EXAMINATION
OFFICE OF THE GOVERNOR
PUBLIC DEFENDER AGENCY
FOR JULY 1, 1974 - DECEMBER 31, 1974

I. INTRODUCTION

This is a review which we have completed on select expenditures paid by the Public Defender Agency for the first six months of fiscal year 1975. This review was initiated at the request of Mr. Bill Gordon, Special Assistant to the Governor, for the purpose of establishing the amount of fiscal year 1974 expenditures which have been charged against current year authorization balances. We have also examined current year expenditure balances at December 31, 1974 in order to assert the funds available to the Public Defender Agency for the remaining six months of fiscal year 1975 and the amount of supplemental appropriation which should be requested from the legislature.

In determining the fiscal position of the Public Defender Agency, we addressed four main areas: the amount of prior year expenditures charged against fiscal year 1975; the certifying officers who were responsible and the circumstances surrounding the payment of these expenditures; the legality of such actions; and the statutory stipulations pertaining thereto. We also reviewed the memo of January 22, 1975 which was submitted to Mr. Doug Baily, Administrative Assistant to the Governor, by the Fiscal Office within the Office of the Governor.

II. SCOPE

We reviewed all prior year expenditures that were charged against fiscal year 1975 as well as a review of vouchers applicable to lease rental fees and ASHA payments for fiscal year 1975. We have also examined findings and recommendations set forth in the State Internal Auditor's examination dated March 15, 1973 on the Public Defender Agency which covered fiscal years 1971, 1972, and 1973. Also, a review was made on the Special Audit Report dated November 7, 1973 which was prepared by Legislative Audit.

III. FINDINGS

1. Status of Prior Year Audit Findings.

The Internal Auditor's report found that the Public Defender Agency for fiscal year 1973 withheld invoices for two to three months before submission for payment. This in effect understated both the agency's and State's expenditure and authorization balances for the months that the bills were not paid. Also, it created a very unequitable situation because the vendor did not receive prompt payment.

The Legislative Audit's report which did a review of the status of action taken on the above finding found that the accounts payables were being kept current although a lack of filing equipment made it difficult to maintain orderly files.

2. Prior Year Expenditures.

We have identified \$66,554.00 of prior year expenditures which were charged against fiscal year 1975. A total of seventy six invoices

arges from fiscal year 1974 were examined. Of these seventy voices, there were forty three invoices which were contractual as related. It is our opinion that these expenditures were 1 charges against fiscal year 1975 appropriations. The es in support of the above expenditures were coded by the Defender Anchorage Office as prior year expenditures chargeable to 74 fiscal year. This coding apparently was changed to current charges by the certifying officers within the Office of the or.

Alaska Statutes 3.10.020 - 37.10.040 clearly and specifically s the following responsibilities of a Certifying Officer as follows:

The Certifying Officer is responsible for the existence of correctness of the facts recited in the certificate or stated on the voucher or its supporting papers and for the legality of the proposed payment under the appropriation or fund involved. (Emphasis added.)

The Certifying Off. er shall be held accountable for and required to make good to the State the amount of illegal, improper, or incorrect payment resulting from false, inaccurate, or misleading certification made by him, or a payment prohibited by law or which does not represent a legal obligation under the appropriation involved. (Emphasis added.)

Since the Certifying Officers - Mrs. Elsie Newton and Mr. Fennel - are no longer employed by the Office of the Governor, we not establish the circumstances surrounding the code changes. tly, prior year lapse funds were insufficient to cover the 4.00 and therefore, expenditures were illegally allowed to be over and charged against current appropriations. It is our n that prior year expenditures should have been paid with a mental appropriation or by prior legislative approval.

We believe that the responsibility for illegally certifying 6,554.00 of prior year expenditures cannot be affixed to any t employees of either the Public Defender Agency or the Fiscal of the Office of the Governor. Therefore, we recommend that rther legal action not be pursued.

. Untimely Submission of Invoices for Payment.

The same conditions as described in findings of prior audits n existence during fiscal year 1974. Invoices were held back by chorage Agency Office for submission at the end of fiscal year We found some invoices which dated back ten months, to ber, 1973, that were not submitted for payment until June, 1974. gh these vouchers were coded into the proper fiscal year by the Defender Agency, the codes, as described above, were later d by the Fiscal Office of the Office of the Governor because of icient lapse funds.

We feel that all invoices should be paid in a regular and timely basis. The preparation of invoices for payment processing should be instituted, at the minimum, on a weekly basis. Furthermore, the statutory requirements in regards to controls and responsibility over fiscal year expenditures should be incumbent to only the agency which will bear ultimate responsibility. To avoid further occurrences of illegal code changes and certification of expenditures, we recommend to the Office of the Governor that they implement steps to grant full certifying authority to the Administrative Officer in the Public Defender Office. In so doing, it should be stressed that in the future, the Public Defender Agency will bear the full responsibility for financial control.

4. Lease and Rental Adjustments.

Lease payments for the Anchorage Agency Office were discontinued on December 15, 1974. The Division of Finance was not notified of this fact resulting in a \$2,503.75 overpayment. This amount has been requested as a refund from the vendor. The remaining unexpended \$8,612.50 of budgeted rent is available to the agency for the remainder of the year.

The Nome Office has closed its offices as of July 1, 1974 and has since been operating on a contractual basis. We have been informed by the Public Defender Office that \$400.00 of rent payments should be refunded from the contracting attorney. The remaining \$300.00 that was restricted is available to the Public Defender's account.

The Fiscal Office of the Office of the Governor has adjusted \$10,997.00 of ASHA payments from the Public Defender Office accounts to the Executive Office account. This appears to be proper because \$10,997.00 was budgeted by the Executive Office to cover payments of this type. Also, due to unbudgeted rental increases having been charged to the Ketchikan account, and the fact that the bond payment for the Fairbanks Office was not applicable to the Public Defender Agency, we feel that the \$10,977.00 transfer is in keeping with the intent of the Governor's Executive Office budget.

5. Ending Authorization Balances as of December 31, 1974.

As shown in Exhibit A, the current authorization balances on all budget categories except personal services available to the Public Defender Agency for the last six months of fiscal year 1975 is a minus \$1,000.42.

Mr. Nick Mangieri, Administrative Officer in the Public Defender Office, has informed us that the Fiscal Office of the Office of the Governor was informed by him early in the fiscal year of the possibility that fiscal year 1975 expenditures balances were overstated as the result of prior years expenditure being charged to the current fiscal year balances, particularly in the contractual services budget category. Apparently, Mr. Keith Wiese, at that time Administrative Officer in the Office of the Governor, responded to Mr. Mangieri concerns by stating that the situation was being taken care of. Although, this conversation was never confirmed in writing, we do believe from examining other correspondence between the Public Defender Agency in Anchorage and the Fiscal Office in the Office of the Governor that there was a serious lack of communications and non-response on the part of the Fiscal Office toward the Public Defender Agency.

We have projected the amount of additional funding that will be needed by the Public Defender Agency for the last six months of fiscal year 1975. At the present rate of expenditures, the Public Defender Agency will disburse approximately \$210,500.00 for the last half of fiscal year 1975. Contingent in obtaining lease rental and bond payment recoveries, \$13,980.00; and the transfer of personal services to contractual categories, \$82,800.00; we have determined that the Public Defender Agency will require \$113,720.00 supplemental appropriation from the legislature to avoid a deficit at fiscal year end. We recommend that a \$113,720.00 supplemental appropriation be requested, due in part from the \$66,500.00 of erroneous prior year expenditures.

The personal services transfers cover personnel positions in the Nome agency office which were deleted due to the closing of that office. The function of providing legal services to the City of Nome will be contracted out to private attorneys, therefore, justifying the transfer of personal services into the contractual budget categories.

SUMMARY

We recommend that the Administrative Officer within the Office of the Governor take prompt attention to monitoring all refunds of rents, refunds of rent restrictions, and the transference of personal services into contractual budget categories applicable to the Nome Office in order to assure that adequate authorized balances will be available to cover all current outstanding obligations. We also suggest that all current outstanding obligations be promptly paid upon the transference of sufficient balances.

As mentioned in our findings, further legal action in regards to unauthorized payments on prior year expenditures should not be pursued being that the responsible certifying officers are no longer employed by the State.

We recommend that expeditious action be taken by the Office of the Governor to request an additional \$113,720.00 from the legislature in order to fund expenditures that will be incurred by the Public Defender Office for the last six months of fiscal year 1975.

We feel it is imperative that full certifying authority be granted to the Administrative Officer of the Public Defender Agency, Mr. Nick Mangieri, in order to place full statutory responsibilities upon the Public Defender Agency and therefore making it incumbent upon that agency for future fiscal accountability.

01-41
Sam D. Jurgens
Internal Auditor
February 4, 1975

EXHIBIT A

PUBLIC DEFENDER AGENCY
CURRENT YEAR AUTHORIZATIONS AND EXPENDITURE BALANCES
AS OF 12/31/74

<u>Budget Category</u>	<u>Authorization</u>	<u>Disbursements</u>	<u>Transfer-Out</u>	<u>Expenditures</u>	<u>Restrictions</u>	<u>Balance</u>
100 Personal Services	\$ 784,200.00	\$363,096.06		\$363,096.06		\$421,103.94
200 Travel	45,500.00	33,370.97	(\$1,329.00)	32,041.97		13,458.03
300 Contractual Services	182,822.00	198,472.44	838.36	199,310.80	\$2,683.68	(19,172.48)
400 Commodities	10,900.00	7,778.44		7,778.44		3,121.56
500 Equipment	<u>4,500.00</u>	<u>1,897.69</u>		<u>1,897.69</u>		<u>2,602.31</u>
Total	<u>\$1,027,922.00</u>	<u>\$604,615.60</u>	<u>(\$ 490.64)</u>	<u>\$604,124.96</u>	<u>\$2,683.68</u>	<u>\$421,113.36</u>