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STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF FINANCE

BILL SHEFFIELD, GOVERNOR

POUCH C (MS 0204)
JUNEAU, ALASKA 99811

PHONE:

(907) 465-2240

April 23, 1985

Honorable M. Mike Miller
Chairman
House Judiciary Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. Chairman:

This letter is intended to provide you and the House Judiciary Committee a brief background on the need for Senate Finance CSSB 162 entitled: "An Act Relating to Public Records and Certification of Government Vouchers; and Providing for an Effective Date." This bill is scheduled to be heard by your Committee on Monday, April 29 at 1:30 p.m.

The passage of this bill is necessary to help establish an adequate system of internal controls in the processing and certification of State accounting and vendor payment transactions.

Introduction of this bill is being prompted by two events:

1. In order to improve vendor payment times and provide accurate, up to date accounting information, the new State accounting system (AKSAS) provides for data to be submitted electronically through computer terminals in remote locations throughout the state. State certifying officers are responsible for the propriety of all accounting transactions as defined by AS 37.10.030. Historically, the certification function was evidenced by an individual's handwritten signature on a public document. In order to provide improved service to the public and to State agencies, accounting transactions will be certified on-line through computer terminals via electronic passwords which will uniquely identify the individual who authorized and released the transaction for processing. Section 3 of this bill amends AS 37.10.030 to provide for the electronic certification feature.
2. Over the past several years there have been instances where State certifying officers and others have deliberately falsified public records. When these instances were referred to the Department of Law for review, it was determined that falsification of public records needed to be better defined as a crime in order to be able to successfully prosecute such cases. Section 1 of this bill defines tampering with public records as a Class C felony if the person who violates the law does so to obtain personal benefit for that person or any person or to injure or deprive


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another person of a benefit. Section 2 of this bill defines tampering with public records as a Class A misdemeanor if the offense is committed without the intent to obtain personal benefit.

This is basically a housekeeping bill with no fiscal impact. This bill is necessary to provide for proper internal accounting control in our State financial systems and to provide for proper disciplinary action when these controls are violated.

It should be noted that Sections 1 and 2 of the bill apply to all public records and not just to accounting transactions.

Sincerely,


Kenneth E. Bischoff
Director

KEB,jbh
2/3D1/0423-03

cc: Honorable John Sund
Vice-Chairman
House Judiciary Committee
Alaska State Legislature

Honorable Donald E. Clocksin
Representative
Alaska State Legislature

Honorable Max F. Gruenberg, Jr.
Representative
Alaska State Legislature

Honorable Fritz Pettyjohn
Representative
Alaska State Legislature

Honorable Randy E. Phillips
Representative
Alaska State Legislature

Honorable Robin L. Taylor
Representative
Alaska State Legislature

Commissioner Lisa Rudd
Department of Administration

Gerald Wilkerson, CPA
Legislative Auditor
Legislative Audit Division

**STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: _____

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REQUEST

Bill/Resolution No.: SB162
 Title: An Act Relating to Public Records
 and certification of State Vouchers; and
 providing for an effective date
 Sponsor: _____
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: A11
 Program Category Affected: A11
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING	0	0	0	0	0	0
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	0	0	0	0	0
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

	0	0	0	0	0	0
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact will be incurred

Prepared By: Kenneth E. Bischoff *KEB* Phone: 465-2240
 Division: Finance Date: February 7, 1985

Approved by Commissioner: Lisa Rudd *LJR* Date: 2/8/85
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

oh 162

February 18, 1985

The Honorable Don Bennett
President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the certification of claims against the state treasury.

Section 1 of the bill creates the new crime of tampering with public records in the first degree. This crime would replace the present felony offense set out in AS 44.21.050. Section 4 contains the repeal of that statute. Enforcement of the false-certification provision proposed for repeal is often difficult because a false certification of a voucher does not result in personal gain to the certifying officer. Rather, this activity usually results in unauthorized reallocations within agency appropriations without the oversight and approvals required by the Executive Budget Act (AS 37.07). The chief prosecutor believes that it will be difficult to prosecute for a felony under these circumstances because a jury is not likely to convict a person of a felony unless there is personal gain from the proscribed activity. The attorney general has urged the Department of Administration to seek the creation of a lesser offense. It is prudent to retain the ability to effectively punish activity that is undertaken for the enrichment of the offender. The offense created in sec. 1 would be punishable as a class C felony.

Section 2 of the bill creates the recommended lesser offense by amending AS 11.56.820 to include false certification of payment vouchers. This conduct is included in the crime of tampering with public records in the second degree and constitutes a class A misdemeanor.

Section 3 of the bill simply updates a somewhat archaic statute to allow the state to take advantage of current technology that is available through the state's data

processing systems. Under the proposed amendment, the certification function does not change. The bill proposes to amend AS 37.10.030 to include the ability to certify accounting transactions by using electronic passwords. The existing accounting system requires manual certification of accounting transactions before they can be released for processing. The requirement for manual certification and central routing of documents to the Department of Administration unreasonably lengthens the time for processing vendor payments and other accounting transactions. The new accounting system will enable the department to release transactions electronically from remote locations. Processing will occur overnight. Significant amounts of processing time will be saved through the electronic certification feature.

Your prompt and favorable action on this bill will improve the state's ability to process financial transactions and will help ensure that certifying officers perform up to standards which comport with the intent of the legislature set out in the various appropriations bills enacted by the legislature and the public trust bestowed on them by the people.

Sincerely,



Bill Sheffield
Governor