

# LEGISLATIVE BUDGET AND AUDIT COMMITTEE

## ORGANIZATIONAL INFORMATION

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Senator Gary Stevens, Chair  
Senator Click Bishop  
Senator Cathy Giessel  
Senator Lyman Hoffman  
Senator Anna MacKinnon  
Senator Natasha von Imhof, Alternate

#### Alaska State House

Representative Andy Josephson, Vice Chair  
Representative Jennifer Johnston  
Representative Scott Kawasaki  
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## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

The Legislative Budget and Audit Committee is a permanent interim committee of the Alaska Legislature. It was established in 1955 as the Legislative Audit Committee. The committee is composed of ten members and two alternates: the chairpersons of the senate and house finance committees; one member selected from each of the senate and house finance committees and appointed by the president of the senate and the speaker of the house, respectively; and three members and an alternate appointed from each house by the respective presiding officer. If the chairperson of a finance committee chooses not to serve, the presiding officer appoints a replacement from the finance committee. Alternate members are also appointed from the finance committees.

The committee has the responsibility for providing the legislature with fiscal analysis, budget reviews, audits and performance reviews of state government agencies, and for approving requests from the governor to revise the *Appropriations Act*. As a result of the passage of Ch.18, SLA 1980, the committee has the authority to monitor lending and investment activities of the State.

To provide the necessary technical assistance to accomplish these purposes, two permanent staff agencies have been created: the Division of Legislative Finance and the Division of Legislative Audit. These divisions report directly to the Legislative Budget and Audit Committee and are independent of executive and judicial agencies. The committee also has several authorized positions to assist with committee activities.

The following excerpts from the Alaska Statutes are the primary laws establishing and defining the duties and powers of the committee. The provisions of Title 37 relating to the revised program process are also included at the end of this statutory listing. These procedures are used primarily during the interim to amend the budget based on additional federal or other program receipts.

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ALASKA STATUTES

*Title 24, Article 2 – Legislative Budget and Audit Committee*

Sec. 24.20.

- 151. *Legislative Budget and Audit Committee established*
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Sec. 24.20.151. *Legislative Budget and Audit Committee established.*

*The Legislative Budget and Audit Committee is established as a permanent interim committee of the legislature. The establishment of the committee recognizes the need of the legislature for full-time technical assistance in accomplishing the fiscal analysis, budget review, and post-audit functions. (§ 2 ch 95 SLA 1971)*

Sec. 24.20.156. *Purposes.*

*The purposes of the Legislative Budget and Audit Committee include*

- (1) *monitoring and reporting:*
  - (A) *the performance of the agencies of the state that perform lending or investment functions;*
  - (B) *the extent to which the performance of these agencies has contributed to the fiscal, financial, economic, and social improvement of the state and its citizens;*
  - (C) *the extent to which these agencies and the executive have prepared and coordinated short-term and long-term economic, fiscal, investment, and financial planning;*

- (2) *holding these agencies accountable to statutory intent in their performance by recommending, where appropriate, changes in policy to the agencies or changes in legislation to the legislature;*
- (3) *annually reviewing the extent of capitalization of the investment funds of the state and alternative investment policy for the general fund surplus and recommending needed legislation. (§ 2 ch 18 SLA 1980)*

Sec. 24.20.161. Membership.

*The Legislative Budget and Audit Committee is composed of 10 members: the chairmen of the senate and house finance committees; one member selected from each of the senate and house finance committees and appointed by the president of the senate and the speaker of the house, respectively; and three members appointed from each house by the respective presiding officer. The chairman of the finance committee may choose not to serve on the committee. If this occurs, the presiding officer of the appropriate house shall appoint a replacement from the finance committee. The membership from each house shall include at least one member from each of the two major political parties. The committee shall select its own chairman. (§ 2 ch 95 SLA 1971)*

Sec. 24.20.165. Alternate members.

*The Legislative Budget and Audit Committee shall have two alternate members in addition to the members designated in AS 24.20.161. The president of the senate shall appoint one alternate member from the senate finance committee and the speaker of the house shall appoint one alternate member from the house finance committee. The alternate members shall serve on the committee when a meeting of the committee has been called and the chairman determines that there will not be enough members in attendance at the meeting to provide a quorum. While serving as alternates, the alternate members have the same duties and responsibilities as committee members appointed under AS 24.20.161, and they are entitled to the same travel and per diem allowances. (§ 1 ch 57 SLA 1979)*

Sec. 24.20.171. Organization of committee; term of membership.

- (a) *The committee shall be organized within 10 days after the organization of each legislature. Members serve for the duration of the legislature during which they are appointed.*
- (b) *When a member of the committee files a declaration of candidacy for an elective office other than that of member of either house of the legislature, and the member has not resigned from membership on the committee, the member's committee membership*

*terminates on the date of filing. (§ 2 ch 95 SLA 1971; am § 3 ch 11 SLA 1975; am § 2 ch 146 SLA 1984)*

Sec. 24.20.181. *Vacancies.*

*When a vacancy occurs in the statutory or appointive membership of the committee, the presiding officer of the house incurring the vacancy shall choose a successor. If the office of the president of the senate or speaker of the house of representatives becomes vacant and a vacancy from the affected house occurs among the membership of the committee, the remaining committee members from the house incurring the vacancy shall appoint a new member. (§ 2 ch 95 SLA 1971; am § 4 ch 11 SLA 1975)*

Sec. 24.20.191. *Meetings.*

*The budget and audit committee may meet during sessions of the legislature and during the interim between sessions at such times and places in the state as the chairman may determine. Members may receive, for the minimum time required to get to and from meetings and for the period while attending meetings, the same travel and per diem allowances provided by law for members of the legislature when attending sessions, except that members of the committee receive no per diem during legislative sessions other than the per diem allowance paid to other members of the legislature. (§ 2 ch 95 SLA 1971)*

Sec. 24.20.201. *Powers.*

- (a) *The Legislative Budget and Audit Committee has the power to*
- (1) *organize, adopt rules for the conduct of its business, and prescribe procedures for the comprehensive fiscal analysis, budget review, and post-audit functions;*
  - (2) *hold public hearings, administer oaths, issue subpoenas, compel the attendance of witnesses and production of papers, books, accounts, documents, and testimony, and have the deposition of witnesses taken in a manner prescribed by court rule or law for taking depositions in civil actions;*
  - (3) *require all state officials and agencies of state government to give full cooperation to the committee or its staff in assembling and furnishing requested information;*
  - (4) *review revenue projections, state agency appropriation requests, the expenditure of state funds, including the relationship between state agency program accomplishments and legislative intent, and the fiscal policies and procedures of state government;*

- (5) *review and approve proposed changes to agency authorized budgets as provided in AS 37.07 (Executive Budget Act);*
  - (6) *make recommendations concerning appropriations, their expenditure and the fiscal policies and procedures of state government to the governor when appropriate, and to the legislature;*
  - (7) *prepare and distribute reports, memoranda, or other necessary materials;*
  - (8) *sue in the name of the legislature during the interim between sessions if authorized by majority vote of the full membership of the committee;*
  - (9) *[Repealed § 7 ch 67 SLA 2003];*
  - (10) *make recommendations to the legislature and to agencies of the state that perform lending or investment functions concerning the structure and operating practices of the agencies;*
  - (11) *enter into and enforce all contracts necessary or desirable for the function of the committee;*
  - (12) *provide for annual post audits of the Alaska Housing Finance Corporation, the Alaska Aerospace Corporation, and the Alaska Industrial Development and Export Authority.*
- (a) *Nothing in this chapter authorizes the referral by the presiding officer of legislation to the committee at regular or special sessions of the legislature. (am § 2 ch 95 SLA 1971; am § 1 ch 74 SLA 1977; am § 2 ch 57 SLA 1979; am § 3 ch 18 SLA 1980; am § 32 ch 106 SLA 1980; am § 29 ch 142 SLA 1982; am § 3 ch 88 SLA 1991)*
  - (b) *The Legislative Budget and Audit Committee may delegate the powers authorized by (a)(2) of this section to the legislative fiscal analyst and the legislative auditor.*

Sec. 24.20.206. Duties.

*The Legislative Budget and Audit Committee shall*

- (1) *annually review the long-range operating plans of all agencies of the state that perform lending or investment functions;*
- (2) *review periodic reports from all agencies of the state that perform lending or investment functions;*

- (3) *prepare a complete report of investment programs, plans, performance, and policies of all agencies of the state that perform lending or investment functions and notify the legislature on or before the first day of each regular session that the report is available;*
- (4) *in conjunction with the finance committee of each house, recommend annually to the legislature the investment policy for the general fund surplus and for the income from the permanent fund;*
- (5) *provide for an annual post audit and annual operational and performance evaluation of the Alaska Permanent Fund Corporation investments and investment programs;*
- (6) *provide for an annual operational and performance evaluation of the Alaska Housing Finance Corporation and the Alaska Industrial Development and Export Authority; the performance evaluation must include, but is not limited to, a comparison of the effect on various sectors of the economy by public and private lending, the effect on resident and nonresident employment, the effect on real wages, and the effect on state and local operating and capital budgets of the programs of the Alaska Housing Finance Corporation and the Alaska Industrial Development and Export Authority.*
- (7) *provide assistance to the trustees of the trust established in AS 37.14.400-37.14.450 in carrying out their duties under AS 37.14.415. (§ 2 ch 18 SLA 1980; am § 33 ch 106 SLA 1980; am § 30 ch 142 SLA 1982; am § 2 ch 1 FSSLA 1992; am § 35 ch 126 SLA 1994; am §48 ch 21 SLA 1995)*

Sec. 24.20.209. Records.

*The Legislative Budget and Audit Committee shall keep a complete file of all reports presented to it and all reports presented by it to the legislature or to a legislative committee. (am § 2 ch 18 SLA 1980)*

Sec. 37.07.080. Program execution.

- (h) *The increase of an appropriation item based on additional federal or other program receipts not specifically appropriated by the full legislature may be expended in accordance with the following procedures:*
  - (1) *the governor shall submit a revised program to the Legislative Budget and Audit Committee for review;*
  - (2) *45 days shall elapse before commencement of expenditures under the revised program unless the Legislative Budget and Audit Committee earlier recommends that the state take part in the federally or otherwise funded activity;*

- (3) *should the Legislative Budget and Audit Committee recommend within the 45-day period that the state not initiate the additional activity, the governor shall again review the revised program and if the governor determines to authorize the expenditure, the governor shall provide the Legislative Budget and Audit Committee with a statement of the governor's reasons before commencement of expenditures under the revised program. (§ 1 ch 188 SLA 1970; am § 1-3 ch 26 SLA 1976; am § 2 and 3 ch 74 SLA 1977; am § 4 and 5 ch 60 SLA 1979; am § 9-12 ch 63 SLA 1983; am § 1 ch 18 SLA 1994)*

## DIVISION OF LEGISLATIVE FINANCE

One of the primary responsibilities of a state legislative body is to research, draft, and enact revenue and appropriation measures. The Legislative Finance Division has statutorily assigned responsibilities to support the legislative budget process.

The Legislative Finance Division reviews proposed additions to the operating and capital budgets, and provides the Legislative Budget and Audit Committee with an analysis of proposed “*revised programs*” submitted to the committee under the provisions of AS 37.07.080(h).

The Legislative Finance Division is staffed by the Legislative Fiscal Analyst (director), six fiscal analysts, an administrative officer, and data processing support staff. Division staff also includes the finance committee assistants, secretaries, and finance pages. For budgetary purposes only, some staff for the House and Senate finance co-chairs fall under this budget as well as additional finance aides assigned to committee members.

Legislative Finance maintains a budget system that tracks budget transactions and provides comparative reports for committees and subcommittees. Additionally, the system is used to produce the governor’s budget request books, the general appropriations bills, conference committee reports, and a breakdown of the capital budget by house district.

The statutes on page 11 highlight the responsibilities of the Legislative Finance Division.

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## ALASKA STATUTES

### *Title 24. Legislative Finance Division*

#### Sec. 24.20.211. *Legislative finance division.*

*The legislative finance division is established as a permanent staff agency responsible to the Legislative Budget and Audit Committee for performance of fiscal analysis and budget review functions. (§ 2 ch 95 SLA 1971)*

#### Sec. 24.20.221. *Staff.*

- (a) The committee shall hire and determine the salary of the legislative fiscal analyst who shall serve both at the direction and pleasure of the committee. The fiscal analyst shall serve as head of the finance division and, within the limits of the budget approved by the committee, shall employ and determine the compensation of the professional and clerical staff of the division.*
- (b) The fiscal analyst and members of the professional and clerical staff may not join or support a partisan political organization. This prohibition does not prevent the fiscal analyst or members of the staff from joining social organizations, expressing private opinion, registering as to party, or voting. (§ 2 ch 95 SLA 1971)*

#### Sec. 24.20.231. *Duties.*

*The legislative finance division shall*

- (1) analyze the budget and appropriation requests of each department, institution, bureau, board, commission, or other agency of state government;*
- (2) analyze the revenue requirements of the state;*
- (3) provide the finance committees of the legislature with comprehensive budget review and fiscal analysis services;*
- (4) cooperate with the office of management and budget in establishing a comprehensive system for state budgeting and financial management as set out in AS 37.07 (Executive Budget Act);*
- (5) complete studies and prepare reports, memoranda, or other materials as directed by the Legislative Budget and Audit Committee;*

- (6) *with the governor's permission, designate the legislative fiscal analyst to serve ex officio on the governor's budget review committee (§ 2 ch 95 SLA 1971; am § 7 ch 2 SLA 1982; am § 2 ch 63 SLA 1983);*
- (7) *identify the actual reduction in state expenditures in the first fiscal year following a review under AS 44.66.040 resulting from that review and inform the Legislative Budget and Audit Committee of the amount of the reduction (ch 19 SLA 2013); and*
- (8) *not later than the first legislative day of each first regular session of each legislature, conduct a review in accordance with AS 24.20.235 of the report provided to the division under AS 43.05.095.*

## DIVISION OF LEGISLATIVE AUDIT

In accordance with the Constitution of the State of Alaska and Title 24 of the Alaska Statutes, the legislative auditor and staff conduct the post-audit function in the budget cycle. The Division of Legislative Audit was created in 1955.

All audits performed by the division are external audits; that is, they are performed by an auditor who is independent of the executive head of the government unit or agency being audited. The three major types of audits performed by the division are financial-compliance, performance, and special reports.

### 1. Financial-Compliance Audit

A financial-compliance audit determines (a) whether financial operations are properly conducted; (b) whether the financial statements of the State are presented fairly; and (c) whether the entity has complied with applicable state and federal laws, regulations, administrative policies, and legislative intent. The division annually conducts a single audit of the State of Alaska and expresses an opinion on the financial statements of the State. Legislation enacted in 1994 requires the division to annually issue an opinion on the financial statements by December 15. This statutory provision first applies to FY 95.

### 2. Performance Audit

A performance audit is conducted to provide the legislature with an evaluation of the manner in which administrators of an agency have faithfully, efficiently, and effectively administered a program. *Faithfulness* refers to whether or not programs have been administered in accordance with promises made to the legislature and the expression of legislative intent. *Effectiveness* refers to whether or not planned program objectives have been achieved. *Efficiency* refers to whether or not the program accomplishment has been achieved by using the least-cost combination of resources with a minimum of waste.

The 1971 legislature gave the Division of Legislative Audit the authority to conduct performance audits of any agency of state government at the direction of the Legislative Budget and Audit Committee. The committee has instructed the legislative auditor to review all audit assignments and conduct performance audits whenever considered practical and beneficial to the State.

The 1977 legislature passed a “*sunset law*” which requires the division to conduct performance audits of boards or commissions subject to termination under AS 44.66. The audit report, along with other reports and testimony, is considered when determining if there is a public need for a board, commission, or program.

### 3. Special Audit

All special audits are conducted at the request of the committee. Any member of the legislature may request a special audit through the committee. A special audit can cover many things. It can be an audit that is restricted to one part of an agency's operations or it can be an audit reviewing financial transactions for a period of time shorter or longer than a fiscal year. The special audit often results in an informational report.

In addition to audits, the division conducts agency performance reviews. Chapter 19 of the Session Laws of Alaska 2013, established the timelines and criteria to be used and directed the division to utilize review teams that may include independent contractors. Reviews may evaluate and report on a multitude of performance indicators. The finance committee of both houses may incorporate the recommendations of the performance reviews into the budget process.

The provisions of the Alaska Constitution and the Alaska Statutes governing the Legislative Audit Division follow.

## ALASKA CONSTITUTION AND STATUTES

### *Alaska Constitution, Article IX*

#### Sec. 9.14. Legislative post-audit.

*The legislature shall appoint an auditor to serve at its pleasure. He shall be a certified public accountant. The auditor shall conduct post-audits as prescribed by law and shall report to the legislature and to the governor.*

### *Alaska Statutes*

#### Sec. 24.20.241. Legislative audit division.

*The legislative audit division is established as a permanent staff agency responsible to the Legislative Budget and Audit Committee for completion of the post-audit function.*

#### Sec. 24.20.251. Qualifications and appointment of legislative auditor.

- (a) The legislative auditor shall be a certified public accountant of this state, or of another state having requirements equivalent to those of this state, with at least five years of practice in the profession, or the equivalent, before the appointment.*
- (b) The Legislative Budget and Audit Committee shall examine persons to serve as legislative auditor and, upon completion of the examination, place the name of the person selected in nomination before the legislature. If the legislature is not in session, the person nominated shall carry out the duties of the office until the next session of the legislature at which time the name of the person nominated shall be presented to the legislature for appointment.*
- (c) The legislative auditor serves at the pleasure of the legislature. However, when the legislature is not in session, the auditor may be removed for cause by a majority vote of the Legislative Budget and Audit Committee after notice by, and a hearing before, the committee.*

#### Sec. 24.20.261. Staff.

- (a) The legislative auditor shall serve as head of the audit division and, within the limits of the budget approved by the committee, shall employ and determine the compensation of*

*the professional and clerical staff of the division.*

- (b) *The auditor and members of the professional and clerical staff may not join or support any partisan political organization. This prohibition does not prevent the auditor or members of the staff from joining social organizations, expressing private opinion, registering as to party or voting.*

Sec. 24.20.271. Powers and duties.

*The legislative audit division shall*

- (1) *conduct a performance post-audit of boards and commissions designated in AS 44.66.010 and make the audit, together with a written report, available to the legislature not later than the first day of the regular session of the legislature convening in each year set out with reference to boards and commissions whose activities are subject to termination as prescribed in AS 44.66; the division shall notify the legislature that the audit and report are available;*
- (2) *[Effective July 1, 2013] conduct a performance review of the agencies listed in AS 44.66.020(a) and make the final review report available to the legislature not later than the first day of the regular session convening in the year after the year designated for each agency performance review in AS 44.66.020(a);*
- (3) *audit at least once every three years the books and accounts of all custodians of public funds and all disbursing officers of the state;*
- (4) *at the direction of the Legislative Budget and Audit Committee, conduct performance post-audits on any agency of state government;*
- (5) *cooperate with state agencies by offering advice and assistance as requested in establishing or improving the accounting systems used by state agencies;*
- (6) *require the assistance and cooperation of all state officials and other state employees in the inspection, examination, and audit of state agency books and accounts;*
- (7) *have access at all times to the books, accounts, reports, or other records, whether confidential or not, of every state agency;*
- (8) *ascertain, as necessary for audit verification, the amount of agency funds on deposit in any bank as shown on the books of the bank; no bank may be held liable for making information required under this paragraph available to the legislative audit division;*
- (9) *complete studies and prepare reports, memoranda or other materials as directed by the Legislative Budget and Audit Committee;*

- (10) *have direct access to any information related to the management of the University of Alaska and have the same right of access as exists with respect to every other state agency.*
- (11) *conduct an audit every two years of information found in the annual reports required under AS 42.05.211 and AS 42.06.220 regarding compliance by the Regulatory Commission of Alaska with the requirements of AS 42.05.175(a)-(e) and of the timeline extensions made by the commission under AS 42.05.175(f), and of other performance measures adopted by the commission.*

Sec. 24.20.281. Special audit.

*A member of the legislature may, in writing and with at least six days notice, request that the budget and audit committee direct a special audit of any state agency or determine the propriety of any expenditure of state funds received by any political subdivision or other entity obtaining state funds. Should a majority of the committee vote to approve the request, the legislative audit division shall make the audit.*

Sec. 24.20.291. Conflict of interest.

*The legislative auditor, the supervisor of audit, the legislative fiscal analyst, and members of the staff of the legislative finance and audit divisions may not serve in ex officio or other capacity on any board, except as authorized in AS 24.20.231(6), commission or other administrative agency of state government; nor may they have a financial interest in transactions involving any agency of state government.*

Sec. 24.20.301. Records.

- (a) *The legislative audit division shall keep a complete file of all audit reports, performance review reports, and other reports or releases issued by the division, and a complete file of audit work papers, performance review work papers, and other related supportive material. The division shall also keep a complete and accurate record of all fiscal transactions involving the division. Audit records and performance review records are confidential, and audit reports and performance review reports are confidential unless the report has been approved for release under AS 24.20.311.*
- (b) *The legislative finance division shall keep a complete file of all budget reports and other reports or releases issued by the division and a complete and accurate record of all fiscal transactions involving the division.*

Sec. 24.20.311. Reports.

- (a) *The committee shall file copies of its approved audit reports including any committee recommendations with the governor, the agency concerned, and the legislature. An annual report summarizing the audit reports and committee recommendations made during the year shall be filed with the governor and with the legislature on or before the first day of each regular session of the legislature. Reports shall be approved by a majority of the committee before their release and shall be open to public inspection after their release to the legislature.*
- (b) *The annual report must include the actual and projected reductions in state expenditures resulting from reviews conducted under AS 44.66.040.*

Sec 11.56.845. Hindering the Legislative Budget and Audit Committee.

- (a) *A person commits hindering the Legislative Budget and Audit Committee if the person intentionally (1) fails to give, or (2) directs, orders, threatens, restrains, coerces, forces, or prevents another person from giving, full cooperation to the legislative auditor or the legislative fiscal analyst in assembling or furnishing requested information to the committee or its staff, and the person did not reasonably believe that the action or failure to act was legally justified.*
- (b) *Hindering the Legislative Budget and Audit Committee is a violation, punishable by a fine of not more than \$5,000.*

Sec 39.25.020(b). *Unless a waiver is granted by the commissioner of administration, an appointing authority may not appoint a person to state services if the person has been convicted under AS 11.56.845. Before granting a waiver under this subsection, the commissioner shall give notice in writing to the Legislative Budget and Audit Committee of the intent to grant a waiver.*

Section 39.25.160(l). *A state employee may not intentionally (1) fail to give, or (2) direct, order, threaten, restrain, coerce, force, or prevent another person from giving, full cooperation to the legislative auditor or the legislative fiscal analyst in assembling or furnishing requested information to the Legislative Budget and Audit Committee or its staff if the person did not reasonably believe that the action or failure to act was legally justified. Violation of this subsection constitutes just cause for dismissal or other appropriate disciplinary action.*

Section 44.66.020. Agency programs.

- (a) *Every year, the legislative audit division shall ensure that the review team conducts a performance review of the appropriate programs of the agencies listed in this subsection. Programs that are administered by more than one agency shall be reviewed with the agency that the Legislative Budget and Audit Committee designates. Reviews may be conducted before the dates set out in this subsection at the discretion of the Legislative Budget and Audit Committee. The first review shall occur in the calendar year set out after each agency's name, as follows, and subsequent reviews of each agency, or part of an agency, shall occur every 10 years:*
- (1) *Department of Corrections, 2014;*
  - (2) *Department of Health and Social Services, 2015;*
  - (3) *Department of Education and Early Development, including the foundation formula, 2016;*
  - (4) *Office of the Governor, 2017;*
  - (5) *agencies of the legislative branch, 2017;*
  - (6) *Alaska Court System, 2017;*
  - (7) *University of Alaska, 2018;*
  - (8) *Department of Transportation and Public Facilities, 2019;*
  - (9) *Department of Administration, 2020;*
  - (10) *Department of Commerce, Community, and Economic Development, 2020;*
  - (11) *Department of Fish and Game, 2021;*
  - (12) *Department of Environmental Conservation, 2021;*
  - (13) *Department of Natural Resources, 2021;*
  - (14) *Department of Revenue, 2022;*
  - (15) *Department of Law, 2022;*
  - (16) *Department of Public Safety, 2022;*
  - (17) *Department of Military and Veterans' Affairs, 2023; and*
  - (18) *Department of Labor and Workforce Development, 2023.*
- (b) *Subject to appropriation, the legislative audit division shall hire individuals and contract with individuals or firms to form a review team or teams to complete the reviews under this section.*
- (c) *In the year before the year designated as the year for review in (a) of this section, the agency shall provide to the review team, before November 1,*
- (1) *citations to the agency's authority under the Constitution of the State of Alaska or the Alaska Statutes to administer its programs;*
  - (2) *a list of programs or elements of programs that compose at least 10 percent of the general funds in the agency's budget appropriated from the general fund that could be reduced or eliminated; the agency shall consider first those programs or elements of programs that*

- (A) *do not serve a current need;*
  - (B) *are not authorized by the Constitution of the State of Alaska or the Alaska Statutes; or*
  - (C) *are not essential to the agency mission or delivery of the agency's core services;*
- (3) *a list of active encumbrances and an explanation of the continuing need for any encumbrance unsatisfied more than one year after it was incurred;*
  - (4) *all information submitted to the legislature in the agency's most recent submission under AS 37.07.050, including agency mission, results-based measures, prioritization of core services, and all programs within the core services from the most important to the least important.*

Section 44.66.040. Duties of the review team.

- (a) *During a review year set out in AS 44.66.020(a), the legislative audit division shall determine the scope of the performance review subject to approval by the Legislative Budget and Audit Committee, and the review team shall*
  - (1) *collaborate with the legislative audit division and the legislative finance division to identify any earlier audit findings or budgetary issues for the agency;*
  - (2) *through the Legislative Budget and Audit Committee or the senate or house finance committees of the state legislature, schedule public hearings in Juneau, Anchorage, Fairbanks, and other locations as determined by the committees to review agency activities and identify problems or concerns;*
  - (3) *consult with other states and appropriate public policy organizations to establish best practices for the agency;*
  - (4) *analyze the agency priorities reported to the legislature under AS 37.07.050(a)(13); and*
  - (5) *evaluate the agency process for development of capital projects.*
- (b) *The review team shall analyze materials relevant to the performance of the agency, including*
  - (1) *all material provided under AS 44.66.020(c)(4);*
  - (2) *a 10-year growth history and a 10-year projection of agency expenses by funding source prepared by the office of management and budget;*

- (3) *organizational charts, personnel charts by location that show the number of positions and the functions of each position, and a list of transfers of personal services funding to or from other line items within the agency during the preceding 10 years, prepared by the office of management and budget;*
  - (4) *audit information, including a list of agency audit recommendations, prepared by the legislative audit division;*
  - (5) *a list of any financial issues relating to the agency's operating or capital expenditures, prepared by the legislative finance division;*
  - (6) *an explanation of the function and procedure for dedicated funds or any other special funds in the agency, prepared by the legislative finance division;*
  - (7) *a 10-year history of any budget ratifications or supplemental budget requests, prepared by the legislative finance division; and*
  - (8) *analysis and summary of confidential information that the review team may request through the Legislative Budget and Audit Committee from the legislative audit division, if necessary, to complete the team's review.*
- (c) *Before December 16 of the review year set out in AS 44.66.020(a), the review team shall provide a confidential preliminary report to the Legislative Budget and Audit Committee.*
- (d) *One week before the first day of the regular session of the legislature in the year following the review year set out in AS 44.66.020(a), the review team shall provide to the chairs or co-chairs of the senate and house finance committees a final report. In the report, the review team may*
- (1) *evaluate the success of the agency in achieving its mission through the effective and efficient delivery of its core services, goals, programs, and objectives;*
  - (2) *determine whether the agency's results-based measures demonstrate the effectiveness and efficiency of the agency's core services, goals, programs, and objectives and recommend changes if necessary;*
  - (3) *determine whether the results-based measures were useful in conducting the review and recommend changes if necessary;*
  - (4) *evaluate the appropriateness of the budget reductions proposed under AS 44.66.020(c);*

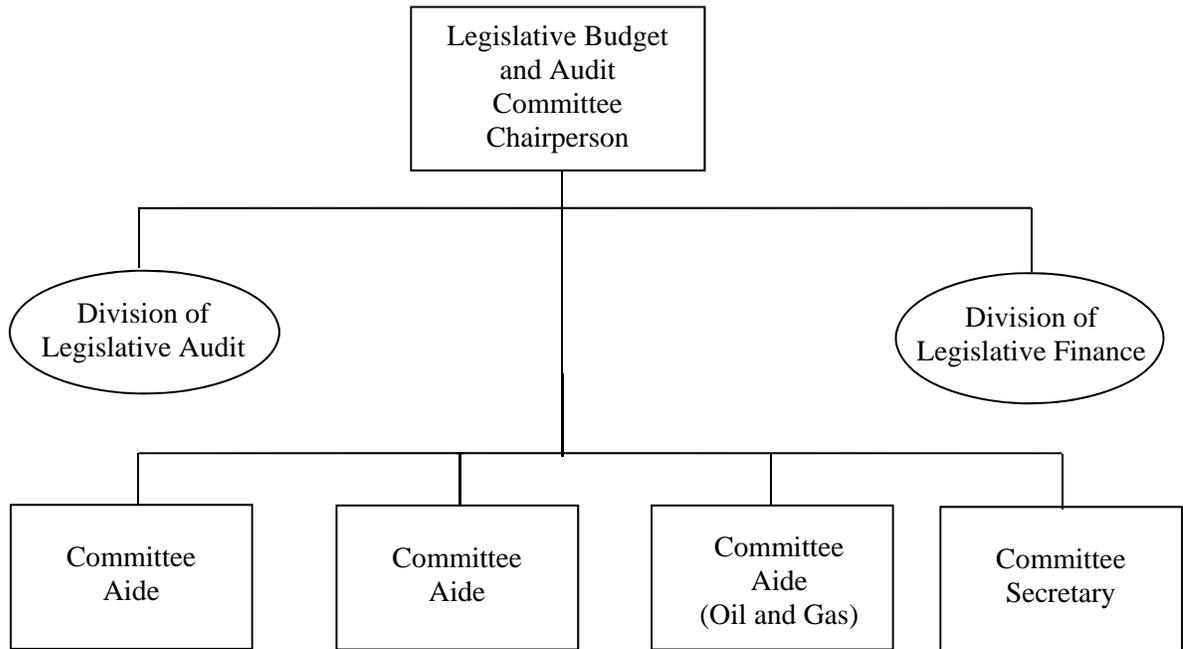
- (5) *determine whether the agency acted in good faith to correct problems identified in any previous audit or review;*
- (6) *list agency programs or actions not authorized by statute and identify other authority for those actions;*
- (7) *identify agency authority to collect fees, conduct inspections, enforce state law, or impose penalties;*
- (8) *recommend improvements to agency practices and procedures, including means to decrease regulatory burdens or restrictions without decreasing public service and safety;*
- (9) *identify areas in which programs and jurisdiction of agencies overlap and assess the quality of interagency cooperation in those areas;*
- (10) *evaluate whether the agency promptly and effectively addresses complaints;*
- (11) *evaluate to what extent the agency encourages and uses public participation in rulemaking and other decision making;*
- (12) *evaluate the agency's process for implementing technology and recommend new types or uses of technology to improve agency efficiency and effectiveness;*
- (13) *identify services provided by programs and functions duplicated by another government agency or private entity and recommend the most effective and efficient way to perform those services;*
- (14) *evaluate whether the agency priorities reported to the legislature under AS 37.07.050(a)(13) and the list of programs or elements of programs provided under AS 44.66.020(c)(2) are consistent with the results of the performance review;*
- (15) *identify agencies that could be terminated or consolidated, reductions in costs, and potential program or cost reductions based on policy changes;*
- (16) *identify reductions and efficiencies recommended as a result of a review conducted under this section;*
- (17) *identify the extent to which statutory, regulatory, budgetary, or other changes are necessary to enable the agency to better serve the interests of the public and to correct problems identified during the review;*

- (18) *analyze how the review team's recommendation to terminate the agency or to terminate any program within the agency would affect federal funding or instigate federal intervention;*
  - (19) *include draft legislation to correct problems identified in the report that shall be introduced by the senate and house finance committees of the state legislature during the current legislative session;*
  - (20) *identify areas that need in-depth review in order to provide complete information to the Legislative Budget and Audit Committee for consideration in the audit process; and*
  - (21) *identify any other elements appropriate to a performance management review.*
- (e) *The Legislative Budget and Audit Committee shall, based on the amount of the actual reduction in state expenditures reported by the legislative finance division under AS 24.20.231(7) increased by an appropriate inflationary factor to be determined by the Legislative Budget and Audit Committee, estimate the anticipated savings for the second through fifth fiscal years following the review. The Legislative Budget and Audit Committee shall include the amount of the actual reduction and the anticipated future savings in its annual report under AS 24.20.311 for the second fiscal year following the review and each of the subsequent four reports.*
- (f) *The senate and house finance committee chairs, co-chairs, and subcommittees may incorporate the recommendations of a report submitted under (d) of this section into the budget for the fiscal year following the report.*

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**LEGISLATIVE BUDGET AND AUDIT COMMITTEE**

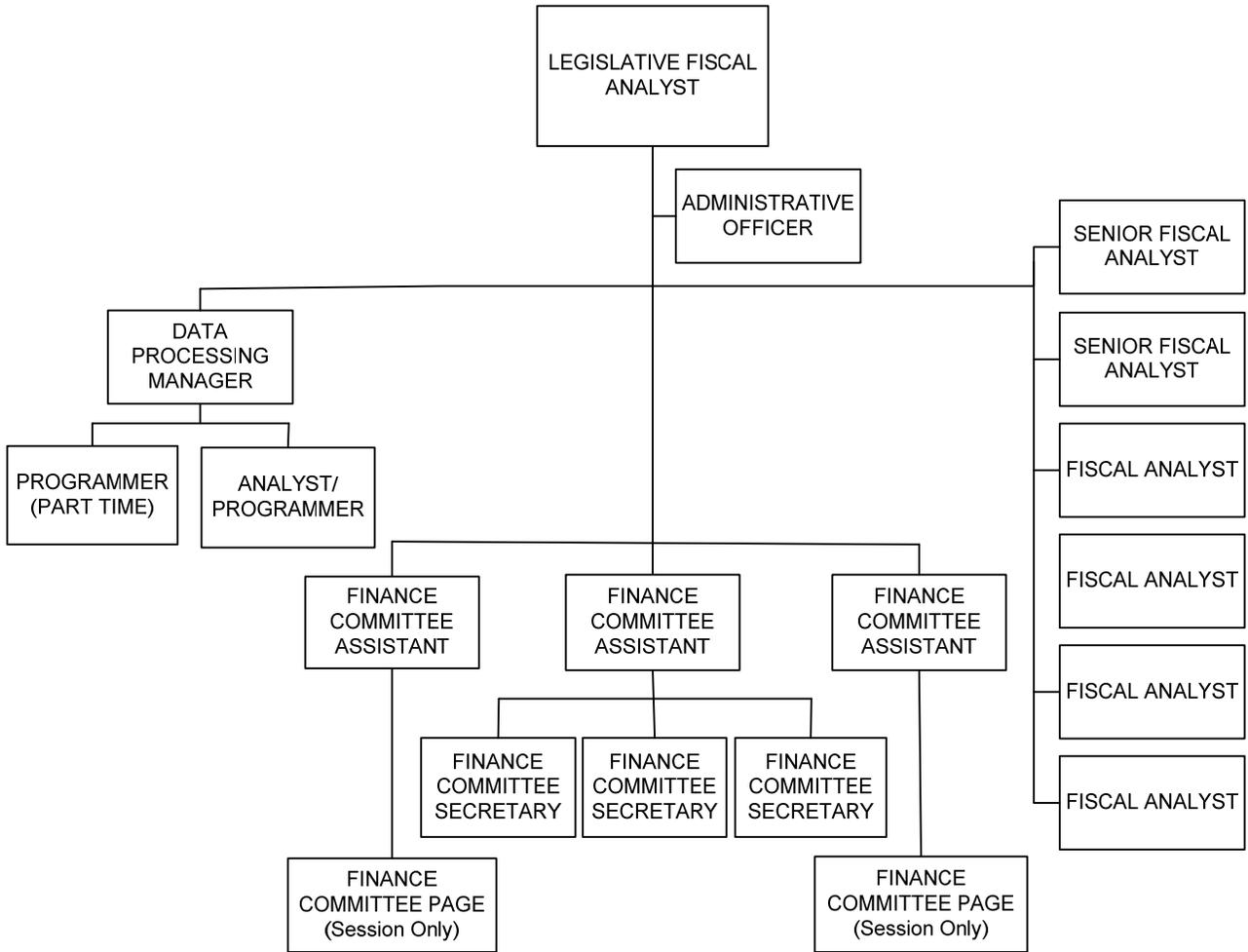
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**DIVISION OF LEGISLATIVE FINANCE**

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## DIVISION OF LEGISLATIVE FINANCE

### STAFF DUTIES

Per AS 24.20.231, the Legislative Finance Division (LFD) serves the legislature with a nonpartisan staff. The Division's fiscal analysts, under the supervision of the Legislative Fiscal Analyst (director), provide technical analysis and evaluation of agency and governor budget requests and legislative proposals.

LFD analysts operate under a policy of confidentiality. All budget work and personal requests by legislators and aides are confidential until released by the requestor (or discussed at a public meeting). The LFD analysts respond to requests for information from all legislators; analysts provide similar information in response to similar requests.

The primary function of the LFD staff is to support the finance committees during the development of the state budget. Analysts must:

- Develop and maintain working relationships with subcommittee chairs and staff, with agency heads and directors and with the governor's budget staff. Analysts must thoroughly understand programs, policies, and proposals in order to add value to the budget process.
- Maintain a comprehensive budget database for budget production and reporting throughout the legislative budget process.
- Monitor legislation with significant fiscal impact (i.e., those with fiscal notes) and insert approved fiscal notes into an appropriation bill (usually the final operating budget bill).
- Under the provisions of AS 37.07.080(h), provide the Legislative Budget and Audit Committee with detailed analyses of revised program requests and objective recommendations when appropriate, and enter actions in the data system.
- Perform special reviews of agencies, programs, and issues.
- Respond to information requests from *all* legislators and from the public.

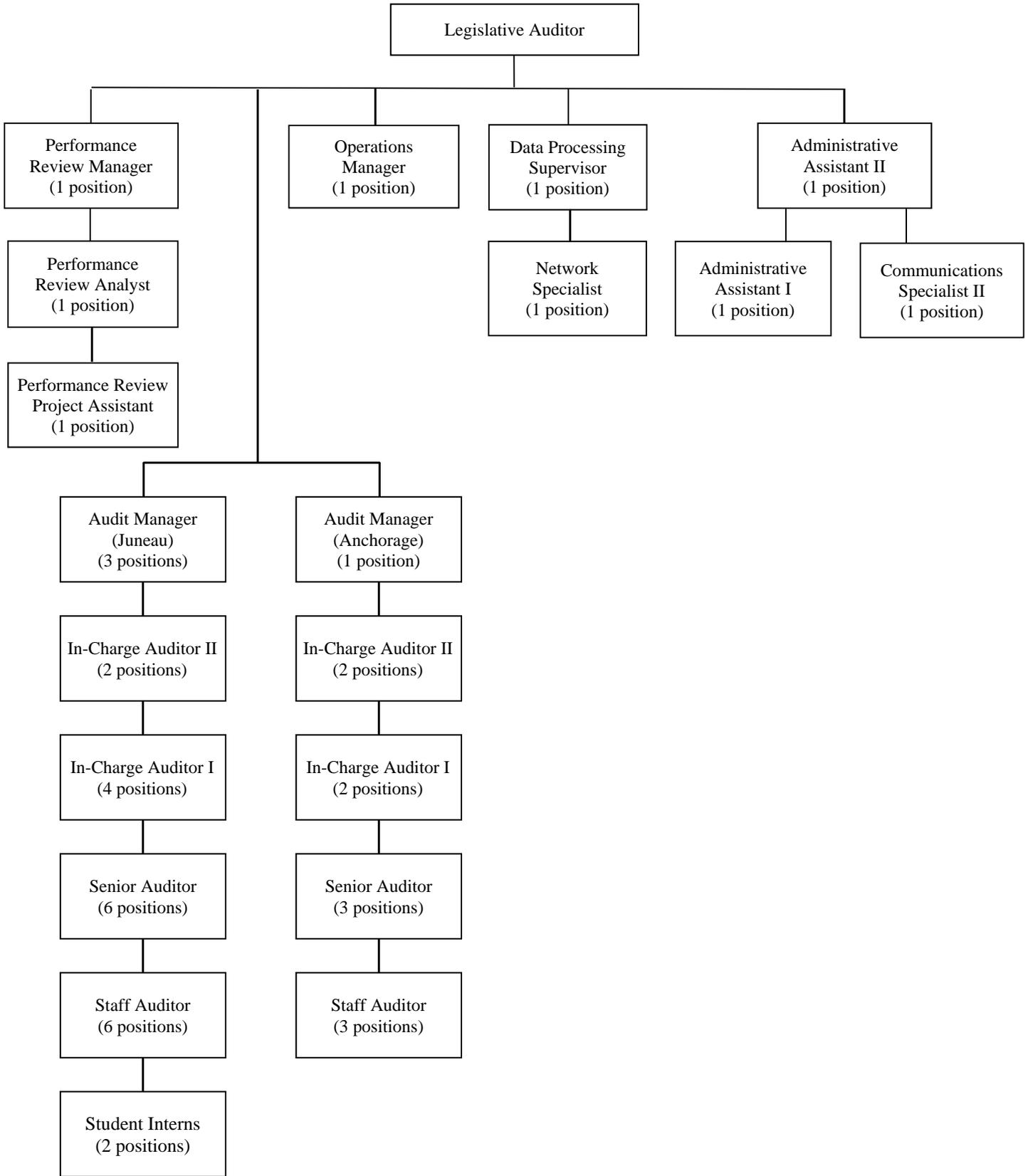
### Specialized Duties

In addition to specific agency operating budget assignments, individual analysts are responsible for various statewide issues. Specific agency assignments and specialized duties of each analyst are listed in this section.

- **Capital Budget Coordination:** Work directly with finance committee chairs and their staff to develop the capital budget; coordinate the production of capital appropriation bills; maintain capital budget backup files; assist with planning and ongoing adjustments to the LFD capital budget database and report formats; point of contact for all capital appropriation issues.
- **Operating Budget Coordination:** Coordinate development of the operating budget by compiling individual agency budgets into appropriation bills; compile final appropriation data for the Summary of Appropriations; coordinate special assignments of a statewide nature; assist with planning and ongoing adjustments to the LFD operating budget database and report formats; coordinate development of budget “how-to” handbook and other publications.
- **Revenue Analysis:** Provide staff expertise on revenue and economic issues including tax policy and taxation issues, and the Alaska Permanent Fund; operate and maintain economic/revenue models.
- **Debt/Debt Service Analysis:** Provide staff expertise on state debt and debt service including debt outstanding, debt service requirements and projections.
- **Supplemental Budget:** Monitor statewide supplemental appropriation bills and coordinate statewide analyses of supplemental requests; maintain central supplemental backup files.
- **Fund Tracking:** Prepare analyses and regular updates on various reserve accounts and special purpose funds to ensure that balances are sufficient to cover appropriations, propose actions to correct projected imbalances, and track the amount of available funding and the amounts appropriated throughout the budget process.
- **Fiscal Note Coordination:** Coordinate with legislators and appropriate legislative staff to ensure that the desired fiscal notes are included in an appropriation bill; track bills through the subcommittee process to ensure that modifications are reflected accurately in the fiscal notes; collaborate with programmers to make refinements to the automated fiscal note system as glitches surface; communicate changes in the automated fiscal note system to all stakeholders to ensure smooth adoption of changes or new features.
- **Fiscal Summary:** Update the fiscal summary in December (when the Governor’s budget request is received) and in June (when the final budget is adopted).

**DIVISION OF LEGISLATIVE AUDIT**

**ORGANIZATIONAL CHART**



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## **DIVISION OF LEGISLATIVE AUDIT**

### **STAFF DUTIES**

#### **Legislative Auditor**

- Acts as liaison between the Legislative Budget and Audit Committee and the audit staff.
- Makes final audit assignment decisions.
- Performs the final review of all audit reports and issues the opinion on the financial statements presented in the report.
- Establishes and provides general supervision of the performance review team.
- Certifies that the components of the final draft performance review report (as submitted by the performance review team) meet all statutory and contractual requirements.
- Serves as fiscal officer for the division.
- Prepares the budget for the division.
- Approves final audit budgets and scopes.
- Provides day-to-day supervision for the division.
- Testifies at legislative meetings.
- Establishes policies and procedures to carry out division activities.

#### **Audit Manager**

- Approves audit programs and selection of audit procedures during planning stage of audit assignments.
- Reviews and approves preliminary audit budget request, subsequent revisions, and scopes prior to submission to legislative auditor.
- Recommends audit assignments and coordinates audit schedule.
- Confers frequently with in-charge auditor to assist in problem areas and ensures proper coverage within audit scope.
- Reviews all workpapers and audit reports and presents the completed report to the legislative auditor.
- Assists the legislative auditor in selecting audit assignments, scheduling of audit staff, and promotion decisions for subordinate staff.
- Directs recruitment of new audit personnel.

- Evaluates subordinates.
- Tracks employee evaluations and ensures timely completion.
- Supervises multiple audit teams in the daily conduct of fieldwork.
- Make recommendations for audit manual and policy manual revisions.
- Performs special projects as assigned by the legislative auditor.
- Performs all duties of legislative auditor when required.
- Participates in the National State Auditors Association's peer review program.

### **In-Charge Auditor II**

- Supervises multiple, concurrent audit assignments.
- Performs in-charge functions for the most complex audit assignments.
- Performs the preliminary review of all workpapers and audit reports.
- Works closely with audit manager during all stages of the audit assignment.
- Performs all other duties of in-charge auditor in the absence of an in-charge.
- Makes recommendations for promotions and merit increases.

### **In-Charge Auditor**

- Plans audit work including preparation of budget, selection of audit procedures, and detailing of audit programs.
- Performs auditing procedures and techniques in the more difficult section of audit assignments.
- Prepares audit workpapers for work performed and has overall responsibility for quality and content of workpapers prepared by subordinate auditors.
- Prepares written explanations of all major audit findings for presentation to the auditee.
- Has overall responsibility for the preparation of financial statements, notes to financial statements, and all narrative included in the audit report. Supervises fieldwork of subordinate auditors assigned to the job, including review of all work performed on the job.
- Prepares evaluations of subordinate auditors.
- Makes recommendations for audit manual revisions.
- Recommends to the legislative auditor future audits and special reports, based on results and observations of current audits.

- Communicates frequently with audit manager to discuss audit findings, progression of work within budget constraints, and performance of subordinate auditors.
- Performs all other duties of senior auditor in the absence of a senior auditor.

### **Senior Auditor**

- Under direct supervision of in-charge auditor, performs auditing procedures and techniques on major sections of audit assignment. Responsible for workpaper preparation covering all criteria of audit findings revealed during testing.
- Under supervision of in-charge auditor, assists in preparation of audit reports, financial statements, and notes to financial statements.
- Performs entire audits of limited scope under direct supervision of audit manager. Responsibilities include planning, testing, and preparing workpapers, financial statements, and audit reports.
- Reviews audit workpapers prepared by subordinate auditors.
- Performs all other duties of staff auditor in the absence of a staff auditor.

### **Staff Auditor**

- Performs routine audit steps under the supervision of an in-charge or senior auditor.
- Responsible for workpaper preparation and summarization of results of testing performed.
- Performs small, limited-scope audits under the direct supervision of an audit manager.

### **Performance Review Manager**

- Works under the general supervision of the legislative auditor.
- Prepares the initial scope of each performance review.
- Conducts public hearings throughout the State to assist in identifying any problems or concerns the public may have regarding the agency under review.
- Develops contracts with independent contractors to accomplish the performance review scope objectives.
- Monitors and tracks compliance with contract terms.
- Monitors the performance review process, identifies challenges, and designs strategies to eliminate or mitigate challenges.
- Evaluates independent contractors' work to ensure contract goals and objectives are met.

- Conducts outreach with executive branch agencies and legislative staff to communicate the performance review process.
- Works with agencies to limit the impact of the reviews on staff resources.
- Consults with federal, state, and local agencies, private consultants, and the public on industry/departmental best practices.
- Determines if there is a need to review confidential information; if so, coordinates access with the legislative auditor.
- Provides direct supervision of performance review team members.
- Evaluates subordinates.
- Summarizes performance review team members and independent contractors' work into a single draft performance review report.
- Notifies the Legislative Budget and Audit Committee of review team recommendations for draft legislation to correct problems identified in reports. Works with committee staff to draft legislation that corrects issues raised in the report.
- Coordinates with legislative auditor to ensure the draft performance review report complies with statutory and contractual requirements prior to submission to the Legislative Budget and Audit Committee.

### **Performance Review Team Member**

- Performs assignments delegated by the performance review team leader.
- Maintains tracking systems to monitor performance review progress and to ensure contractors comply with deliverable schedules.
- Summarizes work completed.
- Reviews deliverables submitted by contractor.

### **Data Processing Supervisor**

- Works under general supervision of the legislative auditor regarding Legislative Audit matters.
- May also work under the direct supervision of an audit manager on specific audit issues.
- Performs IT procurement services (hardware and software) and conducts long-term planning for the agency's data processing development. This includes making recommendations to the legislative auditor for IT projects.
- Implements approved IT upgrades and application development projects.

- Recommends to the legislative auditor IT standards and policies. Implements approved standards and policies.
- Coordinates outsourced IT services, projects and staff working on IT projects for the agency.
- Manages the training, troubleshooting, and inventory of all IT related equipment and software.
- Manages all internet services for the agency.

### **Network Specialist**

- Works under the supervision of the data processing supervisor.
- Assists with the analysis, design, installation, administration and support for the agency's networks and connection to the State's wide area network.
- Assists with the design, support and maintenance of the division's applications.
- Troubleshoots networks, servers, and workstation computer software/hardware problems to maintain an efficient audit environment.
- Assists with the development and maintenance of the agency's databases, servers and websites including providing technical support to end-users.
- Helps develop IT related procurement documents and related support.
- Maintains backups of the critical network components and files.
- Drafts disaster recovery plans incorporating data processing and telecommunication needs.
- Develops and provides IT related cost information as requested.
- Performs special projects as assigned by the data processing supervisor.

### **Audit Operations Manager**

- Works under the direct supervision of the legislative auditor.
- Assists in the development of reimbursable service agreements and contracts.
- Assists in the preparation of the agency budget.
- Performs human resource management tasks including employee recruitment and orientation.
- Develops and maintains the agency's social media communication.
- Manages the audit quality control program at the direction of the legislative auditor.
- Administers the peer review program.

- Reviews and monitors administrative tasks performed by the administrative staff.

### **Administrative Assistant II**

- Works under the general supervision of the legislative auditor.
- Responsible for all administrative functions for the division.
- Manages functional and service operations in preparing audit reports.
- Plans, assigns, supervises, and evaluates the work of the administrative staff.
- Supervises the work of the Communications Specialist II and the Administrative Assistant I.

### **Communication Specialist II**

- Works under the supervision of the legislative auditor and the Administrative Assistant II.
- Proofreads, edits, and formats reports and correspondence for the division.
- Posts and maintains website materials for the Division of Legislative Audit and the Legislative Budget and Audit Committee.

### **Administrative Assistant I**

- Maintains accounting and property records, personnel files, and the time reporting system for the Division of Legislative Audit and the Legislative Budget and Audit Committee.
- Carries out various administrative functions under the supervision of the Administrative Assistant II.

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

### FORMAL POLICIES AND PROCEDURES

#### Legislative Auditor and Staff

1. *The auditor shall be strictly nonpartisan in conduct of business.*
2. *The auditor shall not belong to any association or union of state employees that might create a conflict of interest with staff work.*
3. *The auditor shall maintain a confidential relationship with the agency being examined. No reports or information gained during the course of an examination shall become public information until approved for release by the committee.*
4. *The auditor shall provide security over information that has been established by law to be confidential and shall restrict access to such information to members of the staff with a need to know.*
5. *The auditor shall advise the Legislative Budget and Audit Committee when an audit is expected to include an examination of information classified by law to be confidential. Upon receipt of such notification, the committee will take whatever action it deems appropriate to allow the auditor to withhold such information from the committee.*

*If it is considered desirable for the committee to have access to confidential information, it will establish necessary restrictions to prevent committee members from publicizing the information.*

#### Release of Audit Reports

1. *When an audit report is complete and has been reviewed and signed by the legislative auditor, 16 copies of the report will be prepared and marked PRELIMINARY AUDIT REPORT. In addition to the report, 16 copies of a digest of report highlights will also be prepared and marked PRELIMINARY AUDIT REPORT. In addition, PRELIMINARY AUDIT REPORTS will be conspicuously marked using different notations (such as pre-assigned names) that will identify individual members of the committee and other recipients of the PRELIMINARY AUDIT REPORTS. (1984)*
2. *The PRELIMINARY AUDIT REPORT will be approved or disapproved for release to the governor and auditee by a majority vote of the Legislative Budget and Audit Committee. (1984)*

*Upon committee adjournment, the legislative auditor, or his/her staff, will collect and account for all preliminary audits and report any missing audit reports to the chairman. (1984)*

*During executive session, when preliminary reports are being presented by the Audit Division and reviewed by the committee members, only legislators, the legislative auditor, and anyone specifically designated by the committee will be present. (1984)*

*The legislative auditor is forbidden to release a preliminary audit to a legislator for any reason, including confidential reading, unless so directed by the committee chairman or the presiding officer of either house. (1984)*

3. *Upon approval of preliminary release, a copy of the audit report will be hand-delivered to the governor and the auditee, and they will each be requested to respond within 20 calendar days. The auditor will explain the confidential nature of the report to the auditee when delivered. (1984)*
4. *Upon receipt of the agency response, the audit report will be compiled (including Legislative Audit's rebuttal if needed) as the FINAL AUDIT REPORT. (1979)*
5. *During the legislative session, the FINAL AUDIT REPORT will be submitted to each member of the committee two (2) days prior to the next scheduled committee meeting after the 20-day response period. When not in session, the FINAL AUDIT REPORT will be mailed to arrive four (4) days prior to the next scheduled committee meeting. (1987)*
6. *The FINAL AUDIT REPORT may be approved for public release by a majority (six members) of the committee. (1984)*
7. *Two copies of the approved FINAL AUDIT REPORT will be delivered to the governor, Office of Management and Budget, one copy to the Department of Administration, and one copy to the auditee. (1983)*
8. *When approved for public release, a copy of the audit report digests will be mailed to each member of the legislature with a letter stating the complete report may be obtained upon request. (1975)*
9. *Five copies of each audit report are filed with the Alaska State Library in Juneau for further distribution to other libraries in the State.*
10. *All audit reports that are approved for public release will be included in the Annual Report of the Division of Legislative Audit to the legislature.*
11. *Audit reports that are approved for public release will be distributed to the appropriate standing committee in each house.*

Release of Performance Reviews

1. *On or before December 16, when a performance review report required under AS 44.66.020 is complete and has been reviewed and signed by the legislative auditor, 16 copies of the report will be prepared and marked PRELIMINARY PERFORMANCE REVIEW REPORT. In addition to the report, 16 copies of an Executive Summary of report highlights will also be prepared and marked PRELIMINARY PERFORMANCE REVIEW REPORT – EXECUTIVE SUMMARY. In addition, PRELIMINARY PERFORMANCE REVIEW REPORTS will be conspicuously marked using different notations (such as pre-assigned names) that will identify individual members of the committee and other recipients of the PRELIMINARY PERFORMANCE REVIEW REPORTS. (2013)*
2. *The PRELIMINARY PERFORMANCE REVIEW REPORT will be approved or disapproved for release to the governor and auditee by a majority vote of the Legislative Budget and Audit Committee. (2013)*

*Upon committee adjournment, the legislative auditor, or his/her staff, will collect and account for all PRELIMINARY PERFORMANCE REVIEW REPORTS and EXECUTIVE SUMMARIES and report any missing PERFORMANCE REVIEW REPORTS or EXECUTIVE SUMMARIES to the chairman. (2013)*

*During executive session, when PRELIMINARY PERFORMANCE REVIEW REPORTS are being presented by the Audit Division and reviewed by the committee members, only legislators, the legislative auditor, and anyone specifically designated by the committee will be present. (2013)*

*The legislative auditor is forbidden to release a PRELIMINARY PERFORMANCE REVIEW REPORT to a legislator for any reason, including confidential reading, unless so directed by the committee chairman or the presiding officer of either house. (2013)*

3. *Upon committee approval to release the PRELIMINARY PERFORMANCE REVIEW REPORT a copy of the PRELIMINARY PERFORMANCE REVIEW REPORT will be hand-delivered to the governor and the agency subject of the review, and they will each be requested to respond within A MINIMUM OF 15 calendar days. The auditor will explain the confidential nature of the report to the agency when delivered. (2013)*
4. *Upon receipt of the agency response, the PERFORMANCE REVIEW REPORT will be compiled (including Legislative Audit's rebuttal if needed) as the FINAL PERFORMANCE REVIEW REPORT. (2013)*

5. *On or before the second Tuesday of January, the committee will consider the FINAL PERFORMANCE REVIEW REPORT and the report may be approved for public release by a majority (six members) of the committee. A copy of the FINAL PERFORMANCE REVIEW REPORT will be submitted to each member of the committee four (4) days prior to this meeting. (2013)*
6. *Two copies of the approved FINAL PERFORMANCE REVIEW REPORT will be delivered to the governor, Office of Management and Budget, and one copy to the agency being reviewed. (2013)*
7. *After release by the committee, but no later than one week before the first day of the regular session of the legislature, a FINAL PERFORMANCE REVIEW REPORT shall be provided to the chairs or co chairs of the senate and house finance committees. (2013)*
8. *When approved for public release, a copy of the EXECUTIVE SUMMARY will be mailed to each member of the legislature with a letter stating the complete report may be obtained upon request (2013).*
9. *Five copies of each FINAL PERFORMANCE REVIEW REPORT are filed with the Alaska State Library in Juneau for further distribution to other libraries in the State. (2013)*

#### Special Reports

1. *Special reports classified as “confidential” or “for committee information” shall be kept on file with the Division of Legislative Audit, for committee use only, unless the committee wishes them distributed to interested parties. (1971)*
2. *All requests for preparation of audits or special reports will be directed to the committee.*
3. *Only requests for special audits that are submitted to the committee in writing with at least six days notice prior to a scheduled meeting may be considered at that meeting. (2007)*

#### Termination of Audit Requests

1. *The legislative auditor will contact the requester of a special audit to discuss any circumstances that may warrant the discontinuation of the audit effort. The auditor and the requester will attempt to refocus the audit scope or reach agreement that the audit should be closed.*

2. *The legislative auditor will notify the chair of the recommendation to discontinue any special audit request, and the chair will schedule consideration of the recommendation for the next meeting of the committee. If the auditor and the requester are unable to reach agreement, the auditor may request discussion of the matter with the full committee.*
3. *The committee will consider the matter and either approve the termination of the audit request or provide further guidance to the auditor in continuing the audit effort.*
4. *The requester will be notified by the legislative auditor of the committee's determination. (1995)*

### Workpapers

1. *Workpapers prepared by auditors during the course of their work shall remain confidential. However, the workpapers may be reviewed by outside auditors if considered appropriate by the legislative auditor and the legislative auditor has instructed them to treat the workpapers as confidential.*
2. *Workpapers prepared by performance review team members during the course of their work shall remain confidential. This includes workpapers prepared by contractors conducting any portions of the review.*
3. *The legislative auditor shall, upon direction from the Legislative Budget and Audit Committee, make workpapers available to members of the committee.*
4. *Workpapers containing information classified by law to be confidential will be separated from the regular workpapers and filed with the Division of Legislative Audit. Access will be limited to only those auditors in the Division of Legislative Audit directly connected with the examination or members of the Legislative Budget and Audit Committee if the Committee has so directed.*

### Performance Reviews

1. *The committee shall review and may approve the scope of performance review with a majority vote of the committee. (2013)*
2. *The committee will consider a request by the performance review team to review, analyze, and summarize confidential information obtained by the legislative audit division. (2013)*

3. *In conjunction with performance reviews conducted under AS 44.66.020, the committee shall facilitate the scheduling of public hearings in Juneau, Anchorage, Fairbanks, and other locations for the performance review team. (2013)*
4. *The committee will estimate the anticipated future savings based on the results of performance reviews. These anticipated future savings will be based on the amount of actual reduction in state expenditures reported by the legislative finance division plus the application of an appropriate inflation factor selected by the committee. These actual and anticipated future savings will be included in the committee's annual report. (2013)*

### General

1. *When requested, by either party, the legislative auditor shall serve as an arbitrator between an agency and the Division of Finance in connection with differences of opinion on the accounting treatment of transactions. (1957)*
2. *The legislative auditor shall render assistance, when appropriate, in connection with accounting matters, to any agency, or may act in an advisory capacity with respect to an agency's accounting problems; subject to the provisions of the Fiscal Procedures Act and amendments thereto. (1957)*
3. *The legislative auditor and the staff should not make any attempt to direct the procedures of any agency with regard to accounting practices. (1959)*
4. *The Legislative Audit Division shall be audited by an independent auditing firm. Monies for this will be included in the division's budget request. (1984)*
5. *The legislative auditor will pay all travel expenses connected with committee meetings and travel directed by the committee chairperson during Legislative Budget and Audit Committee meetings. If a committee member travels on Legislative Budget and Audit Committee business that was not covered during a regular or special Legislative Budget and Audit meeting, the legislative auditor will pay all expenses incurred upon written direction from the committee chairperson or vice-chairperson and all other obligations directed by the committee chairman. (1984)*
6. *Overnight Travel: Committee members are entitled to receive travel per diem at the federal rate when traveling overnight. On the day of departure, members are entitled to a prorated meal allowance based on the hour of departure from their home. On the day of return, members are entitled to a prorated meal allowance based on the hour of return to their home. The chairman may authorize payment of actual hotel costs plus meal allowance if per diem amounts are inadequate. (2007)*

*Same Day Travel: Committee members are entitled to a meal allowance at the federal rate for travel away from home for the day.*

7. *The legislative auditor will, when requested, offer testimony to any house or senate standing committee when he or a member of the legislative audit staff has knowledge that could be helpful to the committee as a result of:*
  - a. *having conducted an audit in an area of committee interest;*
  - b. *having conducted a performance review in an area of committee interest; or*
  - c. *general background and experience as an auditor or performance review team member.*

*Information which is confidential under Legislative Budget and Audit Committee procedures will not be related to the standing committees by the legislative auditor or the division's staff.*

*This assistance to standing committees will be in the form of testimony only. Requests for studies or additional fact-finding work must be approved by the Legislative Budget and Audit Committee.*

*Extracts of routine information in the State's accounting records will be furnished to standing committees upon request, provided that new data processing programs need not be developed to produce the information requested. (1979)*

8. *The following five actions are mandated by law to require six (6) votes of the committee for approval:*
  - a. *release of audits.*
  - b. *approve the scope of performance reviews conducted under AS 44.66.020.*
  - c. *release of performance reviews.*
  - d. *approval of revised programs - legislature (RPL).*
  - e. *loan transfers to bond construction funds.*

*The committee has resolved that a majority of the votes cast, a quorum of the committee being present, is sufficient to carry a proposition before the committee unless a larger vote is required by law. (1984)*

9. *The Legislative Budget and Audit Committee has formally delegated its signature authority for approved contracts, as required by Procurement Procedure sec. 150(b), to the chairman. (1991)*

*The following language shall be included in all contracts approved by the committee:*

*Execution of this contract was authorized by a majority of the members of the Committee on \_\_\_\_\_, 20xx. Execution of this contract by the chairman of the committee constitutes the signed authorization required by the Procurement Procedures sec. 150(b) because the committee members who authorized the contract delegated their sec. 150 signature responsibility to the chairman on January 26, 1995.*

10. *These policies and procedures will be adhered to by the Legislative Audit Division and Legislative Finance Division until changed by the Legislative Budget and Audit Committee. (2013)*

## CONFIDENTIAL REPORT DISTRIBUTION PROCEDURES

In preparation for a Legislative Budget and Audit Committee meeting, the following summarizes the procedures we use in forwarding information to committee members in advance of the meeting. It is important to understand these procedures because the package distributed to you will include **CONFIDENTIAL** audit and/or performance review reports.

It is important that you and your staff take the necessary precautions to prevent the premature release of this information until the committee has had the opportunity to review and approve its release. The reports should not be copied or distributed for any purpose unless approved by the chairman.

In advance of the meeting, we deliver the audit and/or performance review reports that will be presented in their final form (those that have been before the committee in preliminary form and now have the agency response included). These reports will be delivered two days before the meeting in a sealed envelope addressed to the committee member and stamped **CONFIDENTIAL**. Either you or a member of your staff will be asked to sign for the reports. The signatures are kept on file until the reports are released to the public. The audit and/or performance review reports delivered to you will be on blue paper to make them easier for you and your staff to identify among the mountain of paper before you each day.

It is not necessary for you to bring these reports with you to the meeting as we will have a complete package for you at the meeting.

The package we deliver in advance of the meeting will also include the special audit requests submitted to the chairman's office. These requests require the committee's approval before we add them to our audit schedule.

We will also send an agenda listing all audits or performance reviews to be presented to the committee at the meeting. The agenda will include the **final reports** and the **preliminary reports** (those audits and/or performance reviews being presented to the committee for the first time).

The **preliminary reports** will be brought to the meeting by the legislative auditor and distributed to all members of the committee at that time.

Typically, four motions are necessary at the meeting concerning audit or performance review matters: (1) to approve the final audits or performance reviews for release to the public, (2) to approve the preliminary audits or performance reviews for release to the respective agencies for response, (3) to approve the special audit requests submitted to the Committee, and (4) to approve the scope of a performance review.

If you have any questions concerning these procedures or the audits you receive in advance of a meeting, please feel free to contact the legislative auditor at 465-3830.