

STATE OF ALASKA
LEGISLATIVE BUDGET AND AUDIT COMMITTEE
ANNUAL REPORT
2012

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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27th Alaska State Legislature Legislative Budget & Audit Committee

January 14, 2013

Members of the Legislature

Fellow Members:

In accordance with AS 24.20.311, the following is the 2012 report of the Legislative Budget and Audit Committee. This report outlines the responsibility of the Legislative Budget and Audit Committee and its two professional divisions, the Division of Legislative Audit and the Division of Legislative Finance.

Copies of each audit report released during 2012 are on file in the Senate and House Chambers, the two Finance Committees, the Division of Legislative Audit, various libraries throughout the state, and at <http://www.legaudit.state.ak.us>. We would encourage all legislators to utilize this valuable information.

The Legislative Budget and Audit Committee wishes to thank the legislature for its support in 2012.

Respectfully submitted,

Legislative Budget and Audit Committee

A handwritten signature in black ink, appearing to read "Mike Hawker".

Representative Mike Hawker, Chair

A handwritten signature in black ink, appearing to read "Bert Stedman".

Senator Bert Stedman, Vice Chair

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ORGANIZATION AND FUNCTION

The Legislative Budget and Audit Committee is a permanent interim committee of the 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 of state government agencies, and for approving requests from the governor to revise the Appropriations Act. As a result of the passage of Chapter 18, SLA 1980, the committee has authority to monitor lending and investment activities of the State.

To provide the necessary technical assistance to accomplish the 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.

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 the following statutorily assigned responsibilities to support the legislative budget process:

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 legislative finance committees with comprehensive budget review and fiscal analysis services.
4. Cooperate with the Office of Management and Budget in establishing a comprehensive system for state program budgeting and financial management as set out in the Executive Budget Act (AS 37.07).
5. Complete studies and prepare reports, memoranda, or other materials as directed by the Legislative Budget and Audit Committee.

The Legislative Finance Division reviews proposed changes to the operating budget and provides the Budget and Audit Committee with an analysis of proposed "revised programs" for committee decisions.

The Legislative Finance Division is staffed by the legislative fiscal analyst (director), five fiscal analysts, information technology staff, and an administrative officer. Division staff also includes the finance committee secretaries and, for budgetary purposes, the finance aides assigned to committee members.

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 reports of an agency are presented fairly; and (c) whether the entity has complied with applicable laws, regulations, administrative policies, and legislative intent.

2. Performance Audit

A performance audit is conducted to provide the legislature with an evaluation on 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 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 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, commissions, and agency programs 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 or Report

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 information type report.

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ALASKA STATE LEGISLATURE

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SUMMARY OF: State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011

PURPOSE AND SCOPE OF THE REPORT

This report summarizes our review of the State of Alaska's basic financial statements and the State's compliance with federal laws and regulations in the administration of approximately \$3.5 billion of federal financial assistance programs. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. It also complies with the federal *Single Audit Act Amendments of 1996* and the related *United States Office of Management and Budget Circular A-133*.

The report contains an opinion on the basic financial statements of the State of Alaska for FY 11, recommendations on financial and compliance matters, auditor's reports on internal controls and compliance, the Schedule of Expenditures of Federal Awards, and the Summary of Prior Audit Findings.

REPORT CONCLUSIONS

The basic financial statements for the State of Alaska are fairly presented in accordance with accounting principles generally accepted in the United States of America without qualification. Additionally, the State's FY 11 *Comprehensive Annual Financial Report* includes a Certificate of Achievement for Excellence in Financial Reporting which is presented by the Government Finance Officers Association.

All borrowing from the Constitutional Budget Reserve Fund (CBRF) was completely repaid in FY 10 and no borrowing activity from the CBRF occurred during FY 11.

The State has substantially complied with the applicable laws and regulations in the administration of its major federal financial assistance programs. The report does contain recommendations regarding significant deficiencies in the State's internal control over financial statements and federal programs; none of the recommendations are considered material weaknesses.

FINDINGS AND RECOMMENDATIONS

This report contains 35 recommendations, of which eleven are unresolved issues from last year. One of the 35 recommendations is made to Alaska Housing Finance Corporation whose audit was performed by other auditors. Some of the recommendations made in this report require significant changes in procedures or a shifting of priorities and, therefore, may take more than one year to implement. The Summary Schedule of Prior Audit Findings in Section III identifies the current status of most prior audit recommendations not resolved by the release of the FY 11 statewide single audit.

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SUMMARY OF: A Sunset Review on the Department of Education and Early Development (DEED or department) and the Department of Health and Social Services (DHSS), Special Education Service Agency (SESA or agency), June 22, 2012

PURPOSE OF THE REPORT

In accordance with Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed SESA activities. The purpose of this audit was to determine if there is a demonstrated public need for its continued existence and if it has been operating in an effective manner. As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether SESA should be reestablished. Currently, under AS 44.66.010(a)(6), SESA will terminate on June 30, 2013, and will have one year from that date to conclude its administrative operations.

REPORT CONCLUSIONS

In our opinion, SESA meets a valid public need by: (1) assisting school districts in providing students affected by low incidence disabilities (LID) an education that meets their unique needs; (2) affording opportunities to enhance the capabilities of school district teachers and paraprofessionals; and (3) providing LID and special education resources.

We recommend the legislature extend SESA's termination date until June 30, 2021.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

DEED's special education director and SESA management should collaborate to ensure SESA is operating and funded as intended by the legislature.

DEED management has not actively assessed SESA activities and funding to ensure that the department and the agency are fulfilling legislative intent by providing appropriate services to children affected by LID. DEED management did not fulfill their oversight responsibility and effectively collaborate with SESA.

Recommendation No. 2

SESA's board president should revise board policies and procedures to improve SESA oversight and accountability.

SESA's board did not provide adequate oversight of certain SESA activities. Specific areas include:

- Lack of oversight of employee-related contracts.
- Lack of administrative ethics policies.
- Inadequate public notice of board meetings.
- Board work meetings are not publicly noticed or documented.

AUDITOR'S COMMENTS

SESA's organizational structure has created confusion regarding the oversight responsibility for funding and monitoring SESA's LID Outreach Program. The confusion is rooted in SESA's status as a nonprofit corporation with several oversight entities. Statutes designate DHSS' Governor's Council on Disabilities and Special Education (council) as SESA's governing entity. However, the council does not have budgetary authority over SESA. As a component of special education, SESA's LID program is funded through DEED as required by statute.

Additionally, SESA's corporate bylaws designate a separate governing board that is made up of no less than five and no more than seven council members. Bylaws also designate DEED's special education director as a SESA board member.

The organizational structure has led to confusion and conflicting opinions regarding which entity is responsible for SESA's budget and operational oversight. The council does not pursue increasing SESA's LID program funding through the budgetary process because SESA is statutorily funded by DEED. DEED management does not consider itself authorized to monitor or increase funding for SESA's LID program because SESA reports to the council.

The legislature should consider evaluating statutes relating to SESA to clarify oversight responsibilities.

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SUMMARY OF: A Sunset Review on the Department of Health and Social Services, Statewide Suicide Prevention Council (council), June 4, 2012

PURPOSE OF THE REPORT

In accordance with Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the council. The purpose of this audit was to determine if there is a demonstrated public need for the council's continued existence and if the council has been operating in an effective and efficient manner. As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether the council should be reestablished. Currently, under AS 44.66.010(a)(7), the council will terminate on June 30, 2013, and have one year from that date to conclude its administrative operations.

REPORT CONCLUSIONS

Overall, the council is operating in the public's interest. The council actively seeks to broaden the public's awareness of suicide as well as coordinates the efforts of other suicide prevention entities throughout the state. We recommend the council's termination date be extended to June 30, 2019.

The council has experienced notable improvements since its organizational alignment with the Alaska Mental Health Board (AMHB), and the Advisory Board on Alcoholism and Drug Abuse (ABADA). The AMHB and ABADA executive director's leadership as well as staff support under the new structure are significant factors in the council's improvements.

While the council's current organizational structure has proven beneficial, there is no formal agreement in place to ensure the executive director's time and abilities will continue to be shared effectively between AMHB, ABADA, and the council.

FINDINGS AND RECOMMENDATIONS

1. The council should, in accordance with statute, appoint its own coordinator and conduct annual performance reviews.

2. The council should monitor meeting attendance and inform the Office of the Governor of poor member attendance.
3. The council should develop and monitor performance measures that support statutory duties and annually report progress.

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SUMMARY OF: A Sunset Review of the Department of Commerce, Community, and Economic Development (DCCED), Board of Public Accountancy (BPA or board), June 1, 2012

PURPOSE OF THE REPORT

In accordance with Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed BPA activities. The purpose of this audit was to determine if there is a demonstrated public need for the board's continued existence and if it has been operating effectively. Alaska Statute 08.03.010(c)(1) states the board will terminate on June 30, 2013. As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether BPA should be reestablished. Our audit objectives were as follows.

1. Determine if the board's termination date should be extended.
2. Determine if the board is operating in the public's interest.
3. Determine if the board has exercised appropriate, regulatory oversight of certified public accountants (CPA) and licensed public accounting firms.
4. Provide a current status of recommendations made in prior board-related audits.

REPORT CONCLUSIONS

In our opinion, the board's termination date should be extended. BPA is serving the public's interest by effectively licensing and regulating CPAs. The board is also serving the public's interest by monitoring the profession and ensuring only qualified individuals practice as CPAs.

BPA is proactive in shaping the future of the accounting profession through member participation on national committees which set professional standards. Furthermore, the board successfully developed and adopted regulatory changes to improve the public accountancy profession in Alaska.

The board is scheduled to terminate June 30, 2013. If no action is taken by the legislature, BPA will have one year from that date to conclude its administrative operations. We recommend the board's termination date be extended eight years to June 30, 2021.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Division of Corporations, Business and Professional Licensing (division) director should continue to address deficiencies in the investigative case management system.

The division has taken steps to address previously noted findings; however, deficiencies in the case management system remain. A review of BPA cases found key information, such as priority codes, case open dates, and resolution codes, was missing from the case management system. Additionally, two cases were listed as open on the system for over a year beyond their actual closure dates. The noted deficiencies hamper the division's ability to provide adequate investigative support to the board.

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SUMMARY OF: A Sunset Review of the Department of Commerce, Community, and Economic Development (DCCED), State Medical Board (board), September 18, 2012

PURPOSE OF THE REPORT

In accordance with Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the board. The purpose of this audit was to determine if there is a demonstrated public need for its continued existence and if it has been operating effectively. Alaska Statute 08.03.010(c)(12) states the board will terminate on June 30, 2013. As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether the board should be reestablished. Our audit objectives were as follows.

1. Determine if the board's termination date should be extended.
2. Determine if the board is operating in the public's interest.
3. Determine if the board has exercised appropriate, regulatory oversight of osteopaths, podiatrists, physicians, physician assistants, and paramedics.
4. Provide a current status of recommendations made in prior board-related audits.

REPORT CONCLUSIONS

In our opinion, the board is serving the public's interest by effectively licensing and regulating osteopaths, podiatrists, physicians, physician assistants, and paramedics. The board is also serving the public's interest by monitoring the profession and ensuring only qualified individuals are licensed to practice medicine.

The board is scheduled to terminate June 30, 2013. We recommend the board's termination date be extended seven years to June 30, 2020.

FINDINGS AND RECOMMENDATIONS

1. The Division of Corporations, Business and Professional Licensing's (DCBPL) director should continue to address deficiencies in the investigative case management system.

2. DCBPL's director should implement procedures to ensure board disciplinary actions are reported in accordance with state and federal law.
3. DCBPL's director should ensure continuing medical education reviews comply with state law.

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SUMMARY OF: A Special Report on the Department of Commerce, Community, and Economic Development (DCCED) and the Department of Revenue (DOR), Alaska Film Production Tax Incentive Program (AFPTIP), Financial Compliance, February 29, 2012

PURPOSE OF THE REPORT

In accordance with Title 24 of the Alaska Statutes and a special request by the Legislative Budget and Audit Committee, we have conducted a financial compliance audit of the AFPTIP. The AFPTIP is administered by DCCED's Alaska Film Office (AFO) in cooperation with DOR's Tax Division. The primary objectives of the audit were to:

1. Identify Alaska Film Production Tax Credits (film tax credits) issued and redeemed by fiscal year, and determine whether the total film tax credits issued have exceeded the statutory cap of \$100 million.
2. Determine whether film tax credits were made available to qualified producers and whether the AFO appropriately approved productions after determining the productions were not contrary to the State's best interests.
3. Determine whether film tax credits were correctly calculated in accordance with AS 44.33.235(b)-(c) and (g) and whether producers spent a minimum of \$100,000 in qualified expenditures in an agreed upon 24-month period as supported through verification by an independent certified public accountant (CPA).
4. Determine whether film tax credits were used within three years of being issued to exclusively offset corporate income taxes.

REPORT CONCLUSIONS

The AFO and Tax Division generally adhere to film tax credit approval, issuance, and redemption statutes and regulations when administering the AFPTIP. Film tax credits are made available to qualified producers, are properly calculated using qualified expenditures, and are appropriately approved. The approved film tax credits included \$100,000 or more of qualified expenditures that were generally incurred within the qualified 24-month expenditure period. Total film tax credits issued have not exceeded \$100 million, and all

redeemed AFPTIP credits have been used within three years of being issued to offset corporate income taxes. Detailed schedules of prequalified productions and approved film tax credits are included in the report as Appendices A and B respectively.

Although state agencies materially complied with AFPTIP approval, issuance, and redemption statutes and regulations, areas for improvement were identified in the approval and redemption processes.

FINDINGS AND RECOMMENDATIONS

1. DCCED's Division of Economic Development director and AFO development specialist should develop clear and measurable criteria to support best interest determinations.
2. The AFO development specialist should ensure that expenditures reported as reviewed by a CPA are within the 24-month qualifying period.
3. The AFO development specialist should ensure that the names of the director and proposed cast are included in the prequalification application as required by statute.
4. The Tax Division director should improve procedures for tracking and reporting the use of tax credits.

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SUMMARY OF: A Special Report on the Department of Commerce, Community, and Economic Development (DCCED) and the Department of Revenue (DOR), Alaska Film Production Tax Incentive Program (AFPTIP), Select Performance Issues, August 8, 2012

PURPOSE OF THE REPORT

In accordance with Title 24 of the Alaska Statutes and a special request by the Legislative Budget and Audit Committee, we have conducted a performance audit of the AFPTIP. The AFPTIP is administered by DCCED's Alaska Film Office (AFO) in cooperation with DOR's Tax Division. The primary objectives of the audit include: identifying the AFPTIP's economic impact in Alaska, determining whether the AFO's application review and approval process adequately protects the State's interests, evaluating the extent to which the AFO is meeting its statutory duties, and determining whether a production tax credit is the most cost effective method for incentivizing film production activity in Alaska.

REPORT CONCLUSIONS

The AFPTIP has generated a net positive economic impact in the State. An AFPTIP economic impact study for the period July 2008 through February 2012 indicates direct spending from AFPTIP approved productions has generated \$2 in economic output for every \$1 in Alaska Film Production Tax Credits (tax credits) issued. While the study highlights a net positive economic impact, the AFPTIP does not generate tax revenues sufficient to pay for credits issued. Additionally, a significant amount of program benefits are realized outside Alaska.

The AFO's eligibility and application review is adequately designed to ensure the State's best interests are reasonably protected. However, improvements are needed. Necessary improvements include developing written criteria for evaluating whether a production is not in the State's best interests, and strengthening residency verification and documentation requirements to ensure the State is provided the information necessary to adequately review and approve credit calculations.

Except for certifying internship programs, the AFO is meeting its statutory program responsibilities. The AFO is promoting Alaska as a viable film location, cooperating with

private entity organizations, and providing production assistance. Although identified as one of its statutory duties, the AFO has not yet certified any internship programs.

Whether the AFPTIP, as compared to other states, is the most cost effective method for incentivizing the film industry cannot be determined. The significant variations in design of film production incentive programs and differences in state tax structures make comparisons between states problematic. Available impact analysis reports of other states' programs indicate that all film production incentive programs create positive economic impacts while in operation.

FINDINGS AND RECOMMENDATIONS

1. The AFO development specialist should strengthen qualified expenditure documentation requirements to ensure tax credit calculations are adequately supported.
2. DCCED's Division of Economic Development director should consider amending AFPTIP regulations to more clearly define *Alaska residency* and provide CPAs a more effective method of verifying expenditures claimed as resident wages.
3. The AFO development specialist should strengthen procedures for collecting and reporting Alaska employment data to ensure reliable information is available for program evaluation.
4. The AFO development specialist should develop film production internship training program certification procedures.

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SUMMARY OF: A Special Report on the Department of Commerce, Community, and Economic Development, Regulatory Commission of Alaska (RCA or commission), FY 11 Annual Report, May 23, 2012

PURPOSE OF THE REPORT

In accordance with AS 24.20.271(10), we audited the information in the RCA's FY 11 annual report. The audit specifically addressed the accuracy of statutory timeline, timeline extension, and performance measure data. This report does not conclude on the effectiveness of RCA's decisions or its measures.

REPORT CONCLUSIONS

The commission accurately reported on regulatory docket timelines and statutory timeline extensions. However, the data on tariff filings, utility and pipeline dockets, and performance measures is unreliable or not reported accurately.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

RCA's chair should implement and enforce written procedures to ensure that case management system data is accurate, consistent, and complete.

The commission continues to have unreliable data in the annual report. The reliability issues have resulted from inaccurate and incomplete case management system data. Data errors can be attributed to a lack of: written guidance, adequate training, and ongoing quality reviews necessary to ensure case management system data is entered and maintained accurately, consistently, and completely.

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SUMMARY OF: A Special Report on the Department of Natural Resources (DNR), the University of Alaska (UA), and the Department of Commerce, Community, and Economic Development (DCCED), Virus Free Seed Potato Project, March 2, 2012

PURPOSE OF THE REPORT

In accordance with Title 24 of the Alaska Statutes and a special request by the Legislative Budget and Audit Committee, we have conducted a special audit of the State's Virus Free Seed Potato Project (seed project). The audit reports on the seed project's financial activities and determines if the seed project provides a positive monetary or non-monetary return to the State or private entities. Additionally, the audit determines whether continued state involvement in the seed project will yield positive returns and whether seed potato funding has been used for essential state services.

REPORT CONCLUSIONS

This audit concludes that no significant monetary or non-monetary returns are being received by the State or private entities as a result of certifying seed potatoes for international export. The export market is stagnant, the number of acres used to grow seed potatoes is not large and the acreage has not increased. Furthermore, seed potato exports have not provided a positive return in terms of regulation costs compared to revenue generated by export sales. These factors are not expected to change. Consequently, the continued use of state resources to certify seed potatoes for international export will act as a subsidy for seed potato farmers.

The report conclusions, as they relate to export certifications, should not be interpreted as negating the necessity for state certification. Inspections and certifications of seed potatoes have been conducted by the State since the mid-1960s to reduce the risk of disease. This audit does not conclude that continued state certification of seed potatoes is unwarranted or unnecessary.

Whether or not regulation of seed potato crops is an essential state service is subjective and depends on the definition of *essential*. Diseased seed potatoes may create significant economic losses for producers; however, they do not result in illness or loss of human life. The agriculture industry views the inspection and certification process as essential to the success of the industry.

Detailed conclusions regarding seed project funding, expenditures, administration, and monetary and non-monetary returns are listed below.

- A total of \$5.5 million in state and federal funds have been appropriated for the seed project from FY 95 through December 2011. Of the total, \$3.4 million (62 percent) were state funds and \$2.1 million (38 percent) were federal funds.
- Seed project expenditures totaling \$3.4 million from FY 05 through December 2011 were reasonable and necessary to carry out the purpose of the project. Expenditure activity includes state certification and export certification costs.
- The only significant UA facility used for the seed project has been the Plant Pathology and Biotechnology Laboratory. UA charged indirect cost rates as part of seed project grants and agreements.
- The seed project has resulted in minimal monetary returns to the State and private enterprises.
- Non-monetary returns associated with the seed project include expanding Alaska's international market relations and expanding the knowledge base of seed potato diseases. Both of these non-monetary returns may yield benefits to the State of Alaska over the long-term.
- Export certification funding has provided a subsidy to growers. Without significant changes, future state funding for export certification will continue to be a subsidy to potato growers.

FINDINGS AND RECOMMENDATIONS

There were no findings or recommendations for the virus free seed potato project audit.

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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SUMMARY OF: A Sunset Review on the Alaska Court System, Board of Governors of the Alaska Bar Association (board), July 11, 2012

PURPOSE OF THE REPORT

In accordance with Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the board. The purpose of this audit was to determine if there is a demonstrated public need for its continued existence and if it has been operating in an effective manner. As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether the board should be reestablished. Currently, under AS 08.03.010(c)(2), it will terminate on June 30, 2013 and will have one year from that date to conclude its administrative operations.

REPORT CONCLUSIONS

We conclude that the board's termination date should be extended. The board, through the Alaska Supreme Court, protects the public by ensuring that persons licensed to practice law are qualified. It also provides for complaint investigation and has established a disciplinary process designed to promote competence and professionalism in licensed individuals. We recommend that the board's termination date be extended to June 30, 2021.

One recommendation was made to increase continuing legal education (CLE) for attorneys. CLE contributes to lawyer competence and benefits the public and the profession by ensuring that attorneys remain current regarding the law, the profession's obligations and standards, and the management of their practices.

FINDINGS AND RECOMMENDATIONS

1. The board should recommend to the Alaska Supreme Court that mandatory minimum CLE for attorneys be increased.

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