STATE OF ALASKA

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

ANNUAL REPORT

2020

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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Kris Curtis, CPA, CISA

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31st Alaska State Legislature
Legislative Budget & Audit Committee

January 18, 2021

Members of the Legislature

Fellow Members:

In accordance with AS 24.20.311, we are transmitting the 2020 annual report of the Legislative Budget and Audit Committee. This report summarizes the audit reports issued during the year.

Copies of each audit report released during 2020 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://legaudit.akleg.gov. We encourage all legislators to utilize this valuable information.

The Legislative Budget and Audit Committee wishes to thank the legislature for its support in 2020.

Respectfully submitted,

Legislative Budget and Audit Committee

Chris Tuck

Representative Chris Tuck, Chair

Click Bishop

Senator Click Bishop, 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 10 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 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.

6. With the governor's permission, designate the legislative fiscal analyst to serve ex officio on the governor's budget review committee.

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.

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.

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), six 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 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 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 Division of Legislative Audit also facilitates performance reviews as required by HB 30, enacted by the Alaska State Legislature in 2013. Performance reviews are systematic assessments of the appropriateness, effectiveness, and efficiency of a department; and are meant to provide information for policy makers, executive branch management, and the public. Performance reviews were defunded beginning in 2017.

Report Highlights

Why DLA Performed This Audit

The audit was performed to determine if there is a continued need for the commission and whether its termination date should be extended. The commission is set to sunset June 30, 2021, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

1. The Alaska Judicial Council's executive director should improve procedures to ensure commission meetings are properly publicly noticed and documented.

A Sunset Review of the Office of the Governor, Alaska Criminal Justice Commission (commission)

June 12, 2020

Audit Control Number 01-20124-20

REPORT CONCLUSIONS

Overall, the audit concluded the commission met its statutory responsibilities by analyzing the effects of sentencing laws and criminal justice practices on the criminal justice system, and recommending improvements. Additionally, the commission conducted specific studies and reported results, as required by law.

The commission was effective as an advisory agency from 2015 through 2017 and its recommendations served as the basis for comprehensive criminal justice reform passed in 2016 (SB 91). Further, its recommendations helped policy makers amend SB 91. However, beginning in 2018, criminal justice policy decisions were not rooted in commission recommendations and the commission's effectiveness waned.

As of April 2020, the commission no longer routinely recommends improvements; however, it continues to analyze criminal justice data and evaluate the impact of commission recommendations and other changes on the criminal justice system. As required by statutes, several agencies submit data to the commission. The data is reviewed by commission staff, commission members, and/or other agencies under an agreement with the commission.

In accordance with AS 44.66.010(a)(12), the commission is scheduled to terminate on June 30, 2021. We do not recommend extending the commission's termination date. Rather than extend the commission in its current form, the need for and expectations of a criminal justice advisory commission should be reevaluated. Although we recommend sunsetting the commission, we do not recommend terminating its data collection and analysis functions.

REPORT CONCLUSIONS (Continued)

Objective evidence regarding the effectiveness of the criminal justice system and laws governing the system are critical to future policy decisions. Legislation will be required to maintain the commission's data collection and analysis functions if the commission sunsets.

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit

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SUMMARY OF: State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019

PURPOSE 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 $4.5 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 Uniform Guidance.

The report contains an opinion on the basic financial statements of the State of Alaska for FY 19, findings and 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

With the exception of General Fund accounts rents and royalties and due to other funds, and Note 2 relating to the State's Constitutional Budget Reserve Fund, 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.

We were unable to obtain sufficient appropriate audit evidence to provide assurance over tax revenues. Department of Revenue management denied auditors access to relevant financial records and the department's commissioner refused to provide written representations over the financial statement preparation and fair presentation of tax revenue accounts, and the completeness of information provided to auditors.

With the exception of the United States Forest Service Fire Suppression program, the Bureau of Land Management Fire Suppression program, the Temporary Assistance for Needy Families cluster, the Medicaid cluster, and the Children's Health Insurance program, 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 findings regarding material noncompliance with the provisions of laws and regulations, and material weaknesses and significant deficiencies in the State's internal control over financial reporting and internal control over federal compliance.

FINDINGS AND RECOMMENDATIONS

This report contains 89 findings, of which 35 are unresolved issues from last year. 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 prior financial and federal program related audit findings not resolved as of June 30, 2019.

Report Highlights

Why DLA Performed This Audit

The audit reviews DOR's tax credit-backed loan to MOC 1. Specifically, the audit evaluates DOR's compliance with Alaska Statutes, policies and procedures, and the loan agreements. Additionally, auditors determine whether tax credit-backed loans were offered to other entities, whether the MOC 1 loan was accurately recorded in the State's financial statements, whether there were any conflicts of interest related to the loan, and whether the legislature was notified of the loan.

What DLA Recommends

1. DOR's commissioner should ensure investments are made in accordance with established investment objectives and procedures.

2. DOR's commissioner should ensure collateral is required in accordance with AS 37.10.071(b)(5).

3. DOR's commissioner should ensure conflicts of interest are avoided or prevented when carrying out the department's duties and responsibilities.

A Special Review of the Department of Revenue (DOR), Mustang Operations Center 1 LLC (MOC 1) Loan

July 24, 2020

Audit Control Number 04-30093-20

REPORT CONCLUSIONS

The audit concludes that the MOC 1 loan was, in substance, an advance payment of MOC 1's 2015 tax credits, legally permissible under DOR's statutory investment authority. Although the loan was legal, DOR management did not comply with all statutes governing the investment function. The loan was not adequately collateralized for a period of 19 months. Additionally, the loan was made outside DOR's established investment processes and not subject to procedures designed to meet investment objectives and minimize risk. Further, the loan was not properly managed, which led to inaccurate financial accounting and reporting.

Although DOR obtained an opinion regarding the legality of establishing a tax credit-backed loan program, a "program" was never created. DOR management could not explain why tax credit loans were only offered to MOC 1.

The MOC 1 loan created two conflicts of interest. The DOR commissioner's interest in collecting payment on the MOC 1 loan conflicted with duties to represent the Alaska Industrial Development and Export Authority (AIDEA) in matters relating to MOC 1 as part of AIDEA's board of directors. Secondly, the DOR commissioner's statutory duty to ensure the MOC 1 loan was collateralized conflicted with the commissioner's authority over the valuation and approval of tax credits.

DOR recorded a gain of $4.29 million over the life of the MOC 1 loan, however, AIDEA's assumption of the loan from DOR resulted in a decrease to AIDEA's net income of $1.77 million. AIDEA management estimates the loss will decrease AIDEA's FY 21 state dividend by $885.5 thousand.

Report Highlights (Continued)

4. The legislature should consider enhancing oversight of DOR's investment functions.

REPORT CONCLUSIONS (Continued)

Given the decline in oil prices, it is possible AIDEA will record a significant allowance for loan loss, write off, or substantially write down the amounts owed to AIDEA on the Mustang project by Caracol Petroleum LLC, independent of assuming the DOR MOC 1 loan. Any loss incurred will reduce net income and further reduce AIDEA's dividend.

Overall, the audit found the DOR commissioner's decision to loan up to $22.5 million to MOC 1 under the authority of the department's investment statutes was inappropriate when compared with behavior that a prudent person would consider reasonable. In support of this conclusion, auditors noted the following: the loan was made outside of DOR's established investment procedures and DOR management failed to adequately document consideration of the associated risks when making the loan; adequate internal controls were not implemented over the accounting, reporting, and management of the loan; and the loan created conflicts of interest that were not sufficiently mitigated. These facts demonstrate the need for additional oversight of DOR's investment functions.

Report Highlights

Why DLA Performed This Audit

The audit was performed to determine if there is a continued need for SESA and whether its termination date should be extended. The agency is set to sunset June 30, 2021, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

1. SESA's executive director should implement written procedures to ensure reclassification of a student's referred disability is adequately supported and communicated to school district personnel.

A Sunset Review of the Department of Education and Early Development, and the Department of Health and Social Services, Special Education Service Agency

April 3, 2020

Audit Control Number 05-20120-20

REPORT CONCLUSIONS

Overall, the audit concludes the Special Education Service Agency (SESA) served the public's interest by assisting school districts in providing students affected by low incidence disabilities (LID) an education to meet the children's unique needs; providing opportunities to enhance teachers' and paraprofessionals' capabilities; and providing LID and special education resources.

As part of this audit, a survey was sent to the 51 school district special education directors served by SESA. Thirty district directors responded (59 percent response rate). In general, survey respondents viewed SESA services, staff availability, and expertise favorably. Survey questions and responses are included as Appendix C of this report.

In accordance with AS 44.66.010(a)(6), SESA is scheduled to terminate on June 30, 2021. We recommend the legislature extend SESA's termination date to June 30, 2029, which is the eight year maximum allowed per statute.

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Report Highlights

Why DLA Performed This Audit

The audit was requested to identify total Medicaid and CHIP travel costs from FY 14 through December 2019, and ways to reduce costs. Audit objectives include identifying the most significant travel vendors and whether the State leveraged its purchasing power to reduce costs; reviewing the prior authorization process and system edits to ascertain whether the controls were operating effectively; testing a sample of travel transactions for reasonableness and proper support; and determining whether telehealth was used to reduce travel when possible.

What DLA Recommends

1. Division of Health Care Services' (DHCS) director should adopt regulations and implement written procedures to encourage the advance purchase of airfare.

2. DHCS's director should consider alternatives to the taxi voucher system.

3. DHCS's director should improve controls over ground ambulance claims.

Continued on next page

A Special Review of the Department of Health and Social Services, Medicaid and Children's Health Insurance Program (CHIP) Transportation Costs

October 28, 2020

Audit Control Number 06-30089-20

REPORT CONCLUSIONS

The audit noted that a 2016 change in federal guidance allowed 100 percent federal reimbursement for services received by Alaska Native recipients through facilities operated by federal Indian Health Services or Tribes under specific circumstances. Prior to the change, the cost of Medicaid and CHIP transportation was shared equally between the state and federal governments. After the State implemented changes per the new federal guidance, the federal share of transportation expenditures grew to 92 percent during FY 17.

The audit concluded that Medicaid reforms were not implemented to expand the use of telehealth as required by statutes. Regardless, use of telehealth did increase; however, the increase was not significant. Regulations to expand the use of telehealth were considered, but not published.

The most significant State-funded transportation vendor was Corporate Travel Management North America Inc. (CTM), the State's travel contractor. Most of the payments to CTM were for airfares. Other than a contract with Alaska Airlines, which included certain discounts, no procurement efforts to reduce Medicaid and CHIP transportation costs were identified.

A total of 145 State-funded Medicaid and CHIP transportation claims were tested by auditors covering airfare, lodging, ground transportation, air ambulance, and ground ambulance. Testing found claims were generally supported, the prior authorization process was followed, and existing system edits appeared to be adequately designed to prevent improper transportation payments.

Report Highlights (Continued)

4. DHCS's director should consider restructuring air and ground ambulance rates.

5. DHCS's director should adopt regulations and implement controls to evaluate the availability of medical services in a recipient's home community prior to authorizing travel.

6. DHCS's director should consider specific opportunities to decrease transportation costs.

7. DHCS's director should implement regulations to expand the use of telehealth for primary care, behavioral health, and urgent care.

REPORT CONCLUSIONS (Continued)

However, the following unallowable or unreasonable costs were detected.

- A Medicaid State Plan amendment approved in July 2016 authorized government-operated facilities to be reimbursed at federal per diem rates. This change was not federally required and allowed tribal owned lodging to be paid significantly higher rates than non-tribal owned lodging.
- Ten percent of taxi claims tested were overbilled.
- Three percent of ground ambulance claims tested were paid an incorrect rate. In addition, analysis of all ground ambulance claims during the audit period found 52 claims billed mileage in addition to an all-inclusive rate.
- Eleven percent of airfare claims tested found medical services may have been available in the home community. DHCS's prior authorization process did not document an evaluation of whether services were available in a recipient's home community.

The audit identified the following potential opportunities to reduce transportation costs:

- establishing fixed rates for certain taxi routes/areas;
- expanding access to transportation through ride sharing companies and/or through contracting for bus or shuttle services;
- allowing and promoting the use of public transportation;
- restructuring air and ground ambulance fees;
- reconsidering higher rates paid to lodging facilities owned by tribal organizations; and
- incentivizing the advance scheduling of non-urgent appointments to allow for the advance purchase of airfare.

Report Highlights

Why DLA Performed This Audit

The audit was requested in recognition of the State's declining fiscal condition and the high amount of State general funds spent on Medicaid and CHIP benefits. Audit objectives included determining whether Department of Health and Social Services staff properly determined eligibility and timely enrolled beneficiaries, terminated benefit coverage for individuals no longer eligible for benefits, and preserved and maximized the use of Medicaid and CHIP funds. Auditors were directed to estimate the amount that the State of Alaska paid for benefits on behalf of ineligible beneficiaries and to review the extent eligibility determination best practices were implemented.

What DLA Recommends

1. DPA's director should improve Medicaid and CHIP eligibility training and reestablish a case review process.

2. DPA's director should continue to resolve system weaknesses in Alaska's Resource for Integrated Eligibility Services System.

3. DPA's director should update Medicaid and CHIP regulations for modified adjusted gross income eligibility requirements.

A Special Review of the Department of Health and Social Services, Medicaid and Children's Health Insurance Program (CHIP) Eligibility

August 27, 2020

Audit Control Number 06-30094-20

REPORT CONCLUSIONS

The audit found that 42 percent of Division of Public Assistance (DPA) eligibility determinations tested were not accurate and 43 percent were not made in a timely manner. Many of the errors were procedural in nature with no fiscal impact, while some errors resulted in ineligible costs. Based on the testing results, the audit estimates $102 million of federal funds and $28 million of State general funds were spent on FY 19 benefits for ineligible recipients. The estimate is likely understated because DPA has no procedures for verifying household size, a critical component of eligibility, and auditors were unable to test the accuracy of household size.

The widespread errors were attributed to inadequate staffing and training. According to management, Medicaid expansion and an economic recession created a large backlog of applications. During this time, processing applications was prioritized over quality control activities, such as supervisory reviews and training. As a result, the accuracy and timeliness of eligibility determinations declined.

A new eligibility system implemented in 2014 to meet requirements of the Affordable Care Act (ACA) further contributed to eligibility errors. Rather than streamlining the eligibility process as envisioned by the ACA, the system was plagued with problems that created inefficiencies. At the time of the audit, the system continued to have material control weaknesses.

The audit identified several system-related "best practices" that may reduce workload, streamline the application process, and improve accuracy. Implementing the best practices will require information technology expertise and adequate funding.

Report Highlights

Why DLA Performed This Audit

The audit's purpose was to determine if there is a need for the board's continued existence and whether its termination date should be extended. The board is set to sunset June 30, 2021, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

1. The Division of Corporations, Business and Professional Licensing's chief investigator should ensure investigations are completed timely.

A Sunset Review of the Department of Commerce, Community, and Economic Development, Board of Public Accountancy (board)

April 8, 2020

Audit Control Number 08-20122-20

REPORT CONCLUSIONS

The audit concludes that the board served the public's interest by conducting meetings in accordance with state laws, amending certain regulations to improve the public accountancy occupation, and effectively licensing and regulating certified public accountants and partnerships/corporations engaged in the practice of public accountancy. Additionally, the audit found board operations were impacted by travel limitations and improvements to the board's investigative process are needed to limit periods of inactivity.

In accordance with AS 08.03.010(c)(1), the board is scheduled to terminate on June 30, 2021. We recommend that the legislature extend the board's termination date eight years to June 30, 2029.

Report Highlights

Why DLA Performed This Audit

The audit was performed to determine if there is a continued need for the board and if its termination date should be extended. The board is set to sunset on June 30, 2021, and will have one year from that date to conclude its operations.

What DLA Recommends

1. The board should recommend statutory changes that benefit the public.
2. DCBPL's chief investigator should ensure investigations are completed timely.
3. The board should improve oversight of the peer review process.

A Sunset Review of the Department of Commerce, Community, and Economic Development, Board of Certified Direct-Entry Midwives (board)

June 19, 2020

Audit Control Number 08-20123-20

REPORT CONCLUSIONS

Overall, the audit concluded that the board served the public's interest by conducting meetings in accordance with state laws and effectively certifying midwives. The board adopted regulatory changes to improve the profession, but failed to pursue statutory changes due to concerns over related costs. Additionally, the audit found the peer review process was not effectively monitored by the board and improvements were needed over the Division of Corporations, Business and Professional Licensing's (DCBPL) investigative process.

In accordance with AS 08.03.010(c)(8), the board is scheduled to terminate on June 30, 2021. We recommend the legislature extend the board's termination date two years, to June 30, 2023, which is significantly less than the eight-year maximum allowed in statute. The reduced extension is due to an issue identified during the audit that may impact the board's ability to protect the public and the board's reluctance to recommend statutory changes in the public's best interest. The details of the issue are not included in this report to preserve the confidentiality of an ongoing investigation. The reduced extension reflects the need for continued oversight.

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Report Highlights

Why DLA Performed This Audit

In accordance with AS 24.20.271(11), the audit evaluates the accuracy of RCA's FY 19 annual report concerning statutory timelines, timeline extensions, and performance measures. The audit does not evaluate the effectiveness of RCA's decisions.

What DLA Recommends

1. RCA's chair should ensure staff are trained to accurately present regulatory data in the annual report.
2. RCA's chair should develop written procedures for preparing the annual report.

A Special Review of the Department of Commerce, Community, and Economic Development, Regulatory Commission of Alaska (RCA), FY 19 Annual Report

April 6, 2020

Audit Control Number 08-30098-20

REPORT CONCLUSIONS

RCA publishes its utility and pipeline activities in one annual report, including information regarding compliance with its statutory timelines and other performance measures. Performance measures are established annually by the commission and included in the annual report. RCA's FY 19 performance measures are noted below.

Target 1: Review all utility and pipeline filings within applicable timelines.

Target 2: Review all utility and pipeline dockets within applicable timelines.

Target 3: Complete disposition of all informal complaints within established timelines.

Target 4: Participate in outreach opportunities to consumers.

The audit concluded RCA's annual report was materially accurate. Specifically, RCA accurately reported its compliance with statutory timelines covered in performance measures 1 and 2. Additionally, information supporting performance measure 3, covering timelines for informal complaints, and performance measure 4, covering outreach opportunities to consumers, was accurately reported.

Accuracy of information in RCA's annual report depends on the reliability of the data maintained in RCA's data management system. Auditors found that the data maintained in the system was reliable; however, auditors found instances where activity that occurred after FY 19 was incorrectly included in the FY 19 annual report. The inclusion of FY 20 activity did not impact conclusions regarding FY 19 compliance with statutory timelines.

Report Highlights

Why DLA Performed This Audit

This audit determines whether there is a need for the board's continued existence and whether the board's termination date should be extended. The board is set to terminate June 30, 2021, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

1. The executive director should encourage public participation at board meetings.
2. The board should improve internal controls over the Bar's online admissions system and case management database.
3. The board should recommend an increase in mandatory continuing legal education for attorneys.

A Sunset Review of the Alaska Court System, Board of Governors of the Alaska Bar Association (Bar)

June 9, 2020

Audit Control Number 41-20119-20

REPORT CONCLUSIONS

The audit concludes that the board served the public's interest by effectively admitting qualified members to the Bar and investigating complaints made against Bar members. The audit also found the mandatory three hours of continuing legal education required of Bar members was far below the standard of 12 hours required by 37 other states. (See Recommendation 3) Further, the audit identified the need for administrative improvements. (See Recommendations 1 and 2)

In accordance with AS 08.30.010(c)(2), the board is scheduled to terminate June 30, 2021. We recommend the legislature extend the board's termination date eight years, to June 30, 2029.

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Report Highlights

Why DLA Performed This Audit

The audit determines whether there is a need for the commission's continued existence and whether its termination date should be extended. The commission is set to terminate June 30, 2021, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

The audit makes no recommendations.

A Sunset Review of the Department of Natural Resources, Citizens' Advisory Commission on Federal Areas (CACFA)

April 8, 2020

Audit Control Number 10-20121-20

REPORT CONCLUSIONS

The audit concluded that, from the date of the prior audit in February 2015 through the time CACFA was defunded in June 2017, the commission operated effectively and did not significantly duplicate the efforts of other entities. During this period, the commission actively monitored the effects of federal regulation and management decisions in accordance with statutory duties. The audit also concluded that there is a continuing public need for the commission.

In accordance with AS 44.66.010(a)(10), the commission is scheduled to terminate June 30, 2021. We recommend the legislature extend the commission's termination date eight years, to June 30, 2029.