

# LEGISLATIVE BUDGET AND AUDIT COMMITTEE

## ORGANIZATIONAL INFORMATION

### MEMBERSHIP

#### Alaska State Senate

Senator Elvi Gray-Jackson, Chair  
Senator Bill Wielechowski  
Senator Lyman Hoffman  
Senator Bert Stedman  
Senator Cathy Giessel  
Senator Scott Kawasaki, Alternate

#### Alaska State House

Representative Zack Fields, Vice Chair  
Representative Neal Foster  
Representative Chuck Kopp  
Representative Cathy Tilton  
Representative Andy Josephson  
Representative Bryce Edgmon, Alternate

### LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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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 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 Legislative Finance Division 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*
- 156. Purposes*
- 161. Membership*
- 165. Alternate members*
- 171. Organization of committee; term of membership*
- 181. Vacancies*
- 191. Meetings*
- 201. Powers*
- 206. Duties*
- 209. Records*

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; am § 7 ch 34 SLA 2007)*

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 functions 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.*
- (b) *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)*
- (c) *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; am § 7 ch 67 SLA 2003; am § 8 ch 34 SLA 2007)*

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)*

## LEGISLATIVE FINANCE DIVISION

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), 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) *not later than the first legislative day of each first regular session of each legislature,*
- (A) conduct a review in accordance with AS 24.20.235 of the report provided to the division under AS 43.05.095 ; and*
- (B) conduct a review of inactive state accounts and funds, make recommendations regarding which inactive state accounts and funds, if any, should be repealed, and submit an electronic report of the division's recommendations to the governor, the president of the senate, the speaker of the house of representatives, the chair of the finance committee of each house of the legislature, the senate secretary, and the chief clerk of the house of representatives, and notify the legislature that the report is available. (am § 3 ch 61 SLA 2014; am § 1 ch 6 SLA 2023)*



## **DIVISION OF LEGISLATIVE AUDIT**

The Legislative Auditor, authorized under Article IX, Section 14 of the Alaska Constitution, leads the independent audit function for the State of Alaska. This role is carried out in accordance with Title 24 of the Alaska Statutes.

Established under the Fiscal Procedures Act of 1955, the Division of Legislative Audit (DLA) operates as the State's independent audit agency. All audits performed by DLA are external audits; that is, audits are performed by an auditor who is independent of the executive branch governmental unit or agency being audited. Audits result in a published report that remains confidential until released to the public by the Legislative Budget and Audit Committee.

DLA performs two primary types of audits: financial/federal compliance and performance audits, each governed by distinct audit standards.

### **Financial/Federal Compliance Audits**

DLA conducts:

- The annual financial audit of the State's Annual Comprehensive Financial Report.
- The State's single audit, which examines major federal programs per Title 2 of the U.S. Code of Federal Regulations, Part 200 (Uniform Guidance).

These audits are conducted in accordance with U.S. Generally Accepted Auditing Standards and Government Auditing Standards issued by the Comptroller General.

### **Performance Audits**

Performance audits provide objective analysis, findings, and conclusions to assist management and those charged with governance and oversight with, among other things, improving program performance and operations, reducing costs, facilitating decision-making by parties responsible for overseeing or initiating corrective action, and contributing to public transparency/accountability.

DLA conducts three types of performance audits:

1. Information Technology Audits
2. Sunset Audits, required by Alaska's 1977 "Sunset Law"
3. Audits initiated after approval by the Legislative Budget and Audit Committee

Performance audits adhere to Government Auditing Standards.

**Peer Review:**

Auditing standards require DLA participate in a peer review process to assure compliance with auditing standards. DLA's peer reviews consistently receive the highest rating possible.

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) *[Repealed § 11 ch 19 SLA 2013]*
- (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;*

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) [Repealed § 11 ch 19 SLA 2013]*

Sec 11.56.845. Hindering the Legislative Budget and Audit Committee.

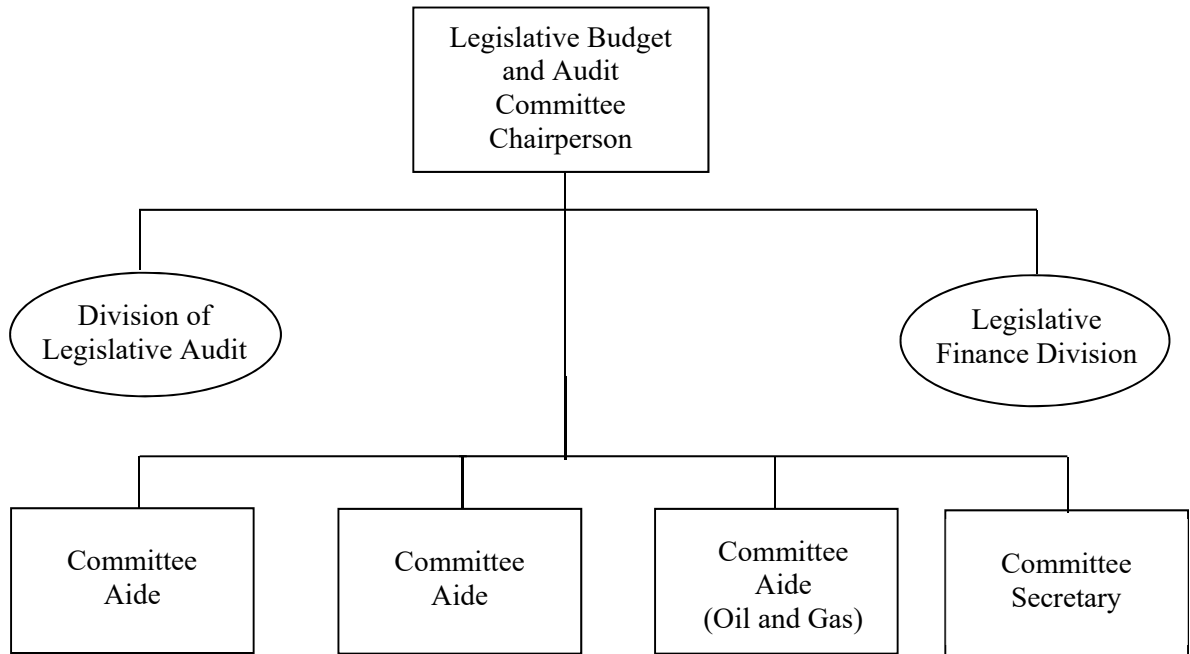
- (a) *A person commits hindering the Legislative Budget and Audit Committee if the person intentionally (1) fails to give, or (2) directs, orders, threatens, restrains, coerces, forces, or prevents another person from giving, full cooperation to the legislative auditor or the legislative fiscal analyst 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 service 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.*

**LEGISLATIVE BUDGET AND AUDIT COMMITTEE**

**ORGANIZATIONAL CHART**

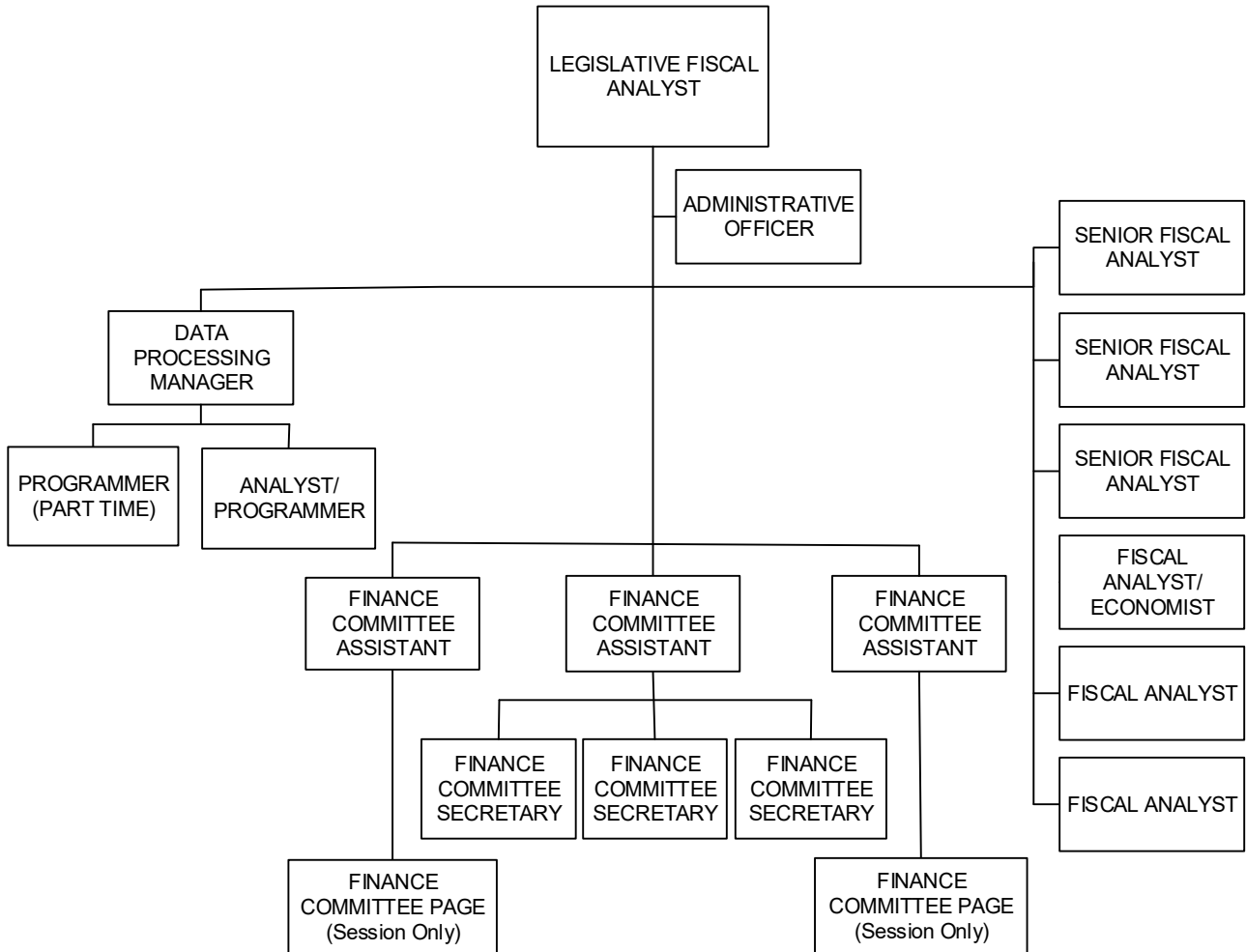


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# LEGISLATIVE FINANCE DIVISION

## ORGANIZATIONAL CHART



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## LEGISLATIVE FINANCE DIVISION

### 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.

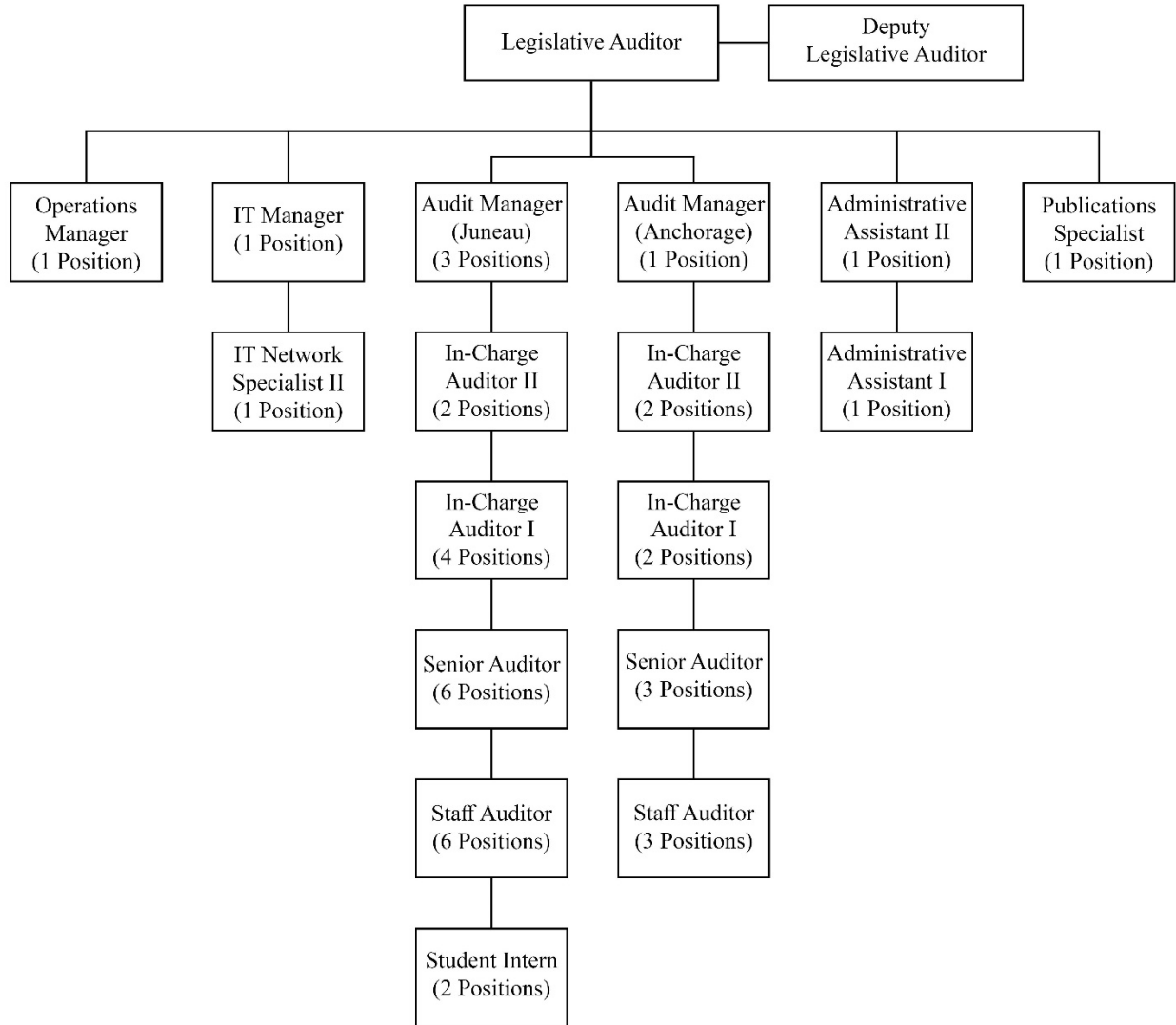
### Specialized Duties

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.
- Oversees all procurement and human resources functions, and serves as fiscal officer and hiring manager for the division.
- Prepares the budget for the division.
- Approves final audit budgets and scopes.
- Provides day-to-day supervision for the division, including project staffing.
- Testifies at legislative meetings.
- Establishes policies and procedures to carry out division activities.
- Represents the State of Alaska at national audit forums.
- Prepares procurement solicitation for the Legislative Budget and Audit Committee, and provides committee fiscal support.

#### **Audit Manager**

- Approves audit programs and selection of audit procedures during planning stage of audit assignments.
- Reviews and approves preliminary audit budget requests, 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.
- Evaluates subordinates.

- Tracks employee evaluations and ensures timely completion.
- Supervises multiple audit teams in the daily conduct of fieldwork.
- Makes 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.

### **IT Manager**

- 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 IT standards and policies to the legislative auditor. 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 II**

- 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.
- Performs human resource management tasks including employee recruitment and orientation.
- Manages the audit quality control program at the direction of the legislative auditor.
- Administers the peer review program.

### **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 Administrative Assistant I.
- Assists in the development of reimbursable service agreements and contracts.

- Assists in the preparation of the agency budget and the statewide cost allocation plan.

### **Publications Specialist**

- 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.
- Develops and maintains the agency's social media communication.
- Responsible for tracking and coordinating all record retention and archiving.

### **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.

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## 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 chair. (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 chair or the presiding officer of either house. (1984)*

3. *Upon approval of preliminary release, a copy of the audit report will be 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 delivered to each member of the legislature with a notice stating that the complete report may be obtained upon request. (1975; updated 2025)*
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 Legislative Budget and Audit Committee to the legislature.*
11. *Audit reports that are approved for public release will be distributed to the appropriate committee in each house.*

### Review of Prior Audit Findings

1. *Annually, the committee shall encourage the resolution of prior audit findings. This process shall include the review of significant prior findings to be expedited for closure. The legislative auditor will identify the most significant findings using a criticality process, which considers fiscal and societal impact and degree of difficulty in addressing findings. Once identified, corrective action plans for the significant findings will be requested from the appropriate department management. The significant findings and associated corrective action plans submitted by the auditees shall be forwarded to the appropriate committees and/or subcommittees for review and consideration during the next calendar year's session. (2022; updated 2025)*

### Audits and 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 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; updated 2025)*

### Termination of Audit Requests

1. *The legislative auditor will contact the requester of an 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 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 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.*

## 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. *All travel expenses connected with committee meetings and travel directed by the committee chairperson during Legislative Budget and Audit Committee meetings shall be paid. 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, all expenses incurred will be paid upon written direction from the committee chairperson or vice-chairperson as well as all other obligations directed by the committee chair. (1984; updated 2025)*
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 chair 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 communicated to 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. *approval of revised programs - legislature (RPL).*
  - c. *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; updated 2025)*

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 chair. (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.*

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. (2025)*

## 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 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 chair.

In advance of the meeting, we deliver the audit 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 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.

In advance of the meeting you will also receive audit requests submitted to the chair's office. These requests require the committee's approval before we add them to our audit schedule.

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, three motions are necessary at the meeting concerning audit matters: (1) to approve the final audits for release to the public, (2) to approve the preliminary audits for release to the respective agencies for response, and (3) to approve the audit requests submitted to the Committee.

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.