MINUTES

MONTANA HOUSE OF REPRESENTATIVES
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By Chairman Jan Brown, on March 10, 1989, at 9:00 a.m.

ROLL CALL

Members Present: All present, except:

Members Excused: Reps. O'Connell and Moore

Members Absent: None

Staff Present: Judy Burggraff, Secretary; Lois Menzies, Staff Researcher

Announcements/Discussion: None

HEARING ON SB 296

Presentation and Opening Statement by Sponsor: Sen. Tom Hager, Senate District 48, Billings Heights, introduced the bill. This bill requires the Departments of Health and Environmental Sciences, Social and Rehabilitations Services and Institutions and the Mental Disabilities Board of Visitors to participate in joint review and inspection of community comprehensive mental health centers, if possible and practical. The bill further provides that a department or the Board may contract with another department or the Board to authorize its employees to conduct specific review and inspection of community mental health centers.

Sen. Hager said that this bill was suggested to him by former speaker, Harold Gerke. He said that SB 296 is a bill to attempt to eliminate duplication and minimize the cost of on-site reviews. Currently it requires extensive mental health center staff time to respond to the several on-site reviews, which are done each year by several agencies. SB 296 encourages the agencies who wish to do on-site inspections to cooperate so similar review and inspection activities will be done at the same time.

Sen. Hager said that it is not the intention of SB 296 to prevent necessary unannounced inspections.

Testifying Proponents and Who They Represent:

Harold E. Gerke, Mental Health Centers

Steve Waldron, Executive Director, Montana Council of Mental Health Centers

Joan Rebich, Montana Mental Health Counselors' Association

Curt Chisholm, Director, Department of Institutions

Kelly Morris, Director, Board of Visitors

Proponent Testimony:

HAROLD E. GERKE said that he has a long history in the mental health field and business. Mr. Gerke said that it is a problem obtaining enough money to run the mental health centers. The numerous inspections cost the mental health centers a great deal of money as they tie up the personnel. He said that when we save time we have more time to devote to the clients. Mr. Gerke said that this bill is not to avoid any examination, inspections or reviews or anything that someone with authority needs to do or thinks they need to do to see that mental health centers operate properly.

He said that when six or seven inspectors come in it takes six or seven of their staff, which takes these people away from the patients. There are not many inspections in the winter, but when the weather improves they experience more inspections. He said he is concerned that when these examinations are made, they do not hear the results of their review until months later. Mr. Gerke said that if there is any problem, they should be notified sooner so that it could be taken care of.

Mr. Gerke said that the Senate put in a couple of amendments that he would like to have removed and the bill returned to its original form. On page 1, line 19, remove the word "announced." On section 3, page 2, line 22, after the word "shall" remove the amendment "possible and practical." He said he would like these words removed because they create a loophole. On page 3, line 8, the word "may" should be changed to "shall." Mr. Gerke said he thinks the word "may" creates another loophole, and he would like that changed back to "shall" to "make the bill a little bit tougher."

STEVE WALDRON, Executive Director of the Montana Council of the Mental Health Centers, said they support SB 296. He said he doesn't think that it is too much to ask agencies to cooperate when they do their on-site inspections. Some of the agencies come for several days at a time. He said that the Department of Social and Rehabilitation Service and the Department of Institutions are cooperating now on their on-site visits. They have worked out an agreement between themselves in order to do that. He said that these two departments should be complimented for their attempts to be less intrusive and to cooperate. He urged the Committee to adopt the bill.

JOAN REBICH, representing the Montana Mental Health Counselors Association, said that they stand in support of this bill because they believe that cooperation within the agencies helps the private sectors to do their job more efficiently.

CURT CHISHOLM, Director of the Department of Institutions, said that the Department will support this bill in its amended form. Initially, when it was introduced in the Senate, they had some concerns about the bill. He said that they expressed these concerns relative to whether or not it was practical to have some of the agencies cooperate in these reviews. Since the bill has been amended, what it asks of all state agencies is that there be a spirit of cooperation relative to reviewing the performance of the mental health centers. He said that there is about $7.5 million a year spent from the state general fund, public block grant funds and Medicaid funds that go into the operation of the mental health centers. Mr. Chisholm said that it still may not be practical for all of these agencies to cooperate because the Department of Health may go out to a certain part of the state where they have hundreds of hospitals and nursing homes that they would like to evaluate. He said it may be difficult at times to tie into the Department of Health's unannounced schedule. He also said that the Board of Visitors is an organization that not only reviews mental health centers they also review the Department of Institutions' performance relative to how closely we keep tabs on the mental health centers. They are trying to see that the rights of patients are being protected relative to having treatment available to them at a cost that is reasonable. He said that they cannot be too closely associated with the Board of Visitors although they will try whenever practical and possible to tie their inspection team visits along with the Board of Health. Mr. Chisholm said that he could not guarantee that is what will happen at all times. They will try to cooperate with the spirit of the bill whenever possible.

KELLY MORRIS, Director of the Board of Visitors, said the Board is willing to abide by the bill if it does pass. She said she wished to point out that the Board, as Mr. Chisholm said, is involved in some other review functions that the Department of Institutions is not involved in. She said that their primary review is one of an independent board of inquiry and review to assure that people who are receiving services at mental health facilities comply with the Mental Communities Treatment Act. In those duties, the Board is reviewing treatment plans, medication and consumer issues that other review groups are not involved in. The Board's main concern is that the intent of the original legislation that created the Board of Visitors remain intact and that their reviews would remain independent.

Testifying Opponents and Who They Represent: None

Questions From Committee Members:

REP. COCCHIARELLA said that it was stated in Mr. Chisholm's testimony that the Department of Institutions inspections should be unannounced. Mr. Chisholm, from the Department of Institutions, said that right now their inspections are announced. There is no requirement to have them announced or unannounced. He said that the Department of Health operates on an unannounced inspection basis. REP. COCCHIARELLA asked if he would agree to taking out of the bill the "unannounced" term. Mr. Chisholm said that relative to that suggestion we do not have any problems one way or the other as they can go announced or unannounced.

Closing by Sponsor: Sen. Hager thanked the Committee for the hearing. He said that the amendments were done in the Senate State Administration Committee. He said since he doesn't serve on that committee, he doesn't know the reason for them. He said that the Board of Visitors did indicate that they wanted to have the right to make unannounced inspections. There is no intention to take away that prerogative. If they are coming in because someone is mistreated, they should be there unannounced.

DISPOSITION OF SB 296

Motion: REP. DAVIS moved SB 296 BE CONCURRED IN.

Discussion: None

Amendments, Discussion, and Votes: REP. SQUIRES moved the sponsor's amendment (Exhibit 1A). The motion CARRIED unanimously. REP. CAMPBELL moved the Gerke amendments, which strip the Senate amendments from the bill. REP. COCCHIARELLA moved that the amendments be divided so removal of the word "announced" is separated from the remaining amendments. The motion CARRIED.

REP. ROTH said he said he would like to talk to Sen. Hager and ask him questions about the amendments.

The Committee deferred action on SB 296 to allow staff and members to collect more information on the proposed amendments. The motion on the remaining amendments was withdrawn.

HEARING ON SB 297

Presentation and Opening Statement by Sponsor: Sen. Swede Hammond, Senate District 9, Phillips and Ravalli Counties, introduced the bill. Under current law, a newspaper is required to publish the general comments section of an audit report regarding a city or town with a population exceeding 300 people and an audit report regarding a county. In addition, the newspaper is required to include a statement that the audit report is on file in its entirety and open to public inspection. This bill requires a newspaper to publish only the statement on public inspection and a summary of significant findings regarding the audit report. The summary of significant findings must be prepared by the auditing agency or firm and may not exceed 800 words.

Sen. Hammond said that some of the smaller town in eastern Montana requested that he carry this bill. This bill was vetoed by the governor last session, he said. Shortly after the Governor's veto, he asked Gov. Schwinden why he had vetoed the bill. He was told by the Governor that he had learned a long time ago that "you don't fight with people that buy ink by the barrel."

Sen. Hammond presented a gray bill (Exhibit 1B). He said that the amendments in the gray bill are necessary to clarify the bill.

It has been pointed out to Sen. Hammond that it costs more in one city for the auditor's remarks than it does to pay for the lifeguard for the whole summer. He said, "There are a lot of reasons why the small towns want this bill."

Testifying Proponents and Who They Represent:

Scott Turner, Accounting Manager, Yellowstone County

Shelly Laine, Director of Administrative Services, City of Helena

Alec Hansen, Montana League of Cities and Towns

Charles Walk, Executive Director, Montana Newspapers Association

Mike Voeller, Lee Newspapers in Montana

Tom Harrison, Society of Certified Public Accountants in Montana

Proponent Testimony:

SCOTT TURNER, Accounting Manager, Yellowstone County, said that currently the general comment section of our county audit report must be published in the county's official newspaper. He said that the publication of this year's general comment section of their audit in the Billings Gazette covered two full pages. This cost $1,400. We estimate if this bill would pass that the county would save in the neighborhood of $1,000 a year. The only adverse effect that this bill would have is on the local newspaper's revenue. He asked for support of the bill.

SHELLY LAINE, Director of Administrative Services, City of Helena, said the City of Helena supports SB 297. She said that before the legislative session, the mayor and the city commissioners met to set legislative priorities. One priority was to support legislation limiting the auditor publication requirement. Although this bill would require an 800-word summary, it is an improvement over the current situation. The bill as written would require cities to not only publish a general comment section but the 800-word summary as well. This is not the intent of the bill. The city supports the amendments to the bill. Each year the city is required to satisfy publication requirements for its annual audit. She distributed a copy of the City of Helena 1988 audit to the Committee (Exhibit 2). The Independent Record estimates that the bill will be $730. This cost is paid by the taxpayers. She said that very few citizens read the annual audit in the paper. Any person interested can easily obtain a copy or review the report on file. She said that the Helena City Commission would like the Committee to take favorable action on SB 297 with the proposed amendments.

ALEC HANSEN, representing the Montana League of Cities and Towns, said we support this bill. We think this bill is critically important to lower costs of government and to save tax dollars. He said that that representatives of the newspapers last session argued that the bill would interfere with the public's right to know. He said that he believes that a summary would actually give the reader a better understanding than if he/she were to read the entire report. If there is a problem with an audit, it can be handled in a news article. If the newspapers really believe that the entire comment section should be published, there is nothing in this law that would prohibit them from publishing it for free.

CHARLES WALK, Executive Director, Montana Newspapers Association, said they support SB 297 as drafted, and they have no objection to the amendments that were offered. He said two years ago we supported a bill that came out of the House with exactly the same language as SB 297. It was amended in a manner in a conference committee which we could not support. We did work to have that bill vetoed. This bill is a compromise, which goes beyond what some people believe is in the best interest of the public. Because compromise is the essence of the legislative process, we are supporting the bill. We believe the summary, if properly done, will mean that local government accountability will remain. We urge a do pass on SB 297.

MIKE VOELLER, representing Lee Newspapers in Montana, said we also support this compromise. He said that 800 words might be difficult, but it deserves a shot for the next couple of years. Mr. Voeller said that he wants to inform the Committee that we don't buy ink by the barrel, we buy it by the semi-truck tanker load.

TOM HARRISON, representing the Society of Certified Public Accountants (CPA) in Montana, said that they would like to add an amendment. Mr. Harrison said he proposes to add the amendment to the end of subsection (2) on page 1, line 24, saying, "The summary shall state that it is only a summary, and it is not intended to be used as an audit." We are concerned about the legal liability of CPAs inadvertently misrepresenting the summary so that the person who reads it does not get the true meaning of what is in the audit itself and thereby bring liability either upon CPAs, as the audit team, or upon the people who have had the audit conducted. He said if the law is written in such a way that the CPA firms feel there may be legal liability for the accuracy and the comprehensiveness of the summary as well as the audit, then a major cost factor would be built into the audit again. He also said that they understand what the bill is trying to do, but they just want to protect the CPAs. He said he would give a copy of the amendment to Lois Menzies.

<u>Testifying Opponents and Who They Represent:</u> None

<u>Questions From Committee Members:</u>

REP. COCCHIARELLA asked how they arrived at the amount of words to be used for the summary. Sen. Hammond said that the bill that was vetoed had 400 words in it. We thought that maybe they could live with 800 words. Mr. Walk said they did a fairly thorough check two years ago of the number of words in the general comment section. He said, "We felt that the sort of explanation we were looking at would require between 600 to 800 words."

REP. CAMPBELL asked why there was a statement in the published City of Helena audit report that said "this report is intended solely for the use of management and the city commission and it should not be used for any other purpose." Tom Harrison said that it was printed to cover the same concern he voiced about liability. He said that it is attempting to avoid third party liability from anyone who might try to sue someone over it. As a lawyer, he said he questions if that language does that.

Closing by Sponsor: Sen. Hammond thanked the Committee. He said he is impressed with the friendship that has been shown here. He said he feels a little bit empty as he does like a good fight and nothing has happened. He also said he would accept the amendments offered by Tom Harrison as he feels they improve the bill.

DISPOSITION OF SB 297

Motion: REP. ROTH moved SB 297 BE CONCURRED IN.

Discussion: None

Amendments, Discussion, and Votes: REP. ROTH moved the sponsor's amendment. The motion CARRIED. REP. ROTH moved Tom Harrison's amendment. The motion CARRIED.

Recommendation and Vote: REP. ROTH moved SB 297 BE CONCURRED IN AS AMENDED. The motion CARRIED 15 - 1, with Rep. Campbell voting no. Rep. Phillips will carry the bill on the House floor.

HEARING ON SB 395

Presentation and Opening Statement by Sponsor: Sen. Paul F. Boylan, Senate District 39, Gallatin County, introduced the bill. This bill exempts expenditures of money raised by student activity fees designated for use by the student associations of the Montana University System from state laws concerning procurement of supplies and services. Sen. Boylan said he thinks that the students can make some great savings and manage their own system.

Testifying Proponents and Who They Represent:

Brian Harlin, Associated Students of Montana State University

Mike Craig, Associated Students of the University of Montana

Proponent Testimony:

BRIAN HARLIN, representing the Associated Students of the Montana State University (ASMSU), said that the bill has been brought forward to try to utilize more efficiently the money that has been designated to the student governments associations by the students. He said an example of this is: last fall the intramural department at ASMSU needed to buy about 2,000 bars of soap. They needed to go through state purchasing to do so as the purchase would cost more than $300. They put in their bid. Six months later, in February, they received their bid, the day before SB 395 was brought before the Senate committee. The bid came back from a company in New York with a bid of 62 cents for a bar of soap. ASMSU called a few grocery stores in downtown Bozeman. They were told they could get it there for 51 cents a bar, a savings of 11 cents a bar. The total savings would be $220 for just this one bid. Also the money would have stayed in the state of Montana.

Mr. Harlin offered an amendment to the bill (Exhibit 3) that would include disposal of equipment and allow better utilization of the funds. The intramural department at ASMSU every fall and spring has an equipment sale. They try to sell off some of the older equipment. Currently, they have to go through state purchasing. They lose money in service charges.

MIKE CRAIG, representing the Associated Students of the University of Montana, presented an example of price comparisons between the required on-campus purchasing agency and two local businesses in Missoula (Exhibit 4) and written testimony (Exhibit 5).

<u>Testifying Opponents and Who They Represent:</u> None

<u>Questions From Committee Members:</u>

REP. PHILLIPS asked why the student activity fees were brought under the authority of the state to begin with. Brian Harlin said that the Attorney General ruled in 1974 that any money that is collected on behalf of the student associations becomes state money.

<u>Closing by Sponsor:</u> Sen. Boylan said that he thinks that SB 395 shows initiative. This bill would allow the students to save money and at the same time buy locally if the prices are cheaper.

DISPOSITION OF SB 395

<u>Motion:</u> REP. DEBRUYCKER moved SB 395 <u>BE CONCURRED IN</u>.

<u>Discussion:</u> None

<u>Amendments, Discussion, and Votes:</u> REP. WESTLAKE moved the amendment. The motion <u>CARRIED</u> unanimously.

Recommendation and Vote: REP. DEBRUYCKER moved SB 395 BE CONCURRED IN AS AMENDED. The motion CARRIED unanimously. Rep. Ream will carry the bill on the House floor.

HEARING ON SB 9

Presentation and Opening Statement by Sponsor: Sen. John G. Harp, Senate District 4, Flathead County, introduced the bill. This bill requires a constitutional amendment to be submitted to the electors in November, 1990, increasing the percentage of petition signers required to suspend the operation of a referendum from 15 percent to 30 percent of the qualified electors in a majority of the legislative representative districts. Sen. Harp said that article 3, section 5 of the Montana Constitution is a provision that has never been used. Sen. Harp said that last session it became apparent that this provision of the Constitution might be used as the AFL-CIO approached him and said "if you guys think you're going to put a sales tax on, you give us a couple of good weekends and we're going strip it." The Chamber of Commerce approached Sen. Harp on his income tax bill last session and said "if you think you're going to eliminate federal deductibility from state income tax or raise additional money from income, let me draw your attention to this section of the Constitution because we're going to suspend it. We'll stop you, and we'll do it within a few weeks."

Sen. Harp said that at the end of this session he believes that there will be certain elements that believe they will stop whatever funding methods we approve. The Montana Constitution provides that the people can reject any act other than appropriations. He thinks that the section will be used within the next three or four years because of the need for money. He said that Common Cause will tell the Committee that this bill will take rights away from the public. He said "that the legislators are elected to represent, and they should have the ability to enact laws, however politically tough they are, and get the state going forward. As long as any act can be suspended by only 15 percent of the voters, we are not going to vote on any major issue. They will all be put on the ballot and avoid their responsibility."

Testifying Proponents and Who They Represent:

Buck Boles, President, Montana Chamber of Commerce

Proponent Testimony:

BUCK BOLES, representing the Montana Chamberof Commerce, said that it is important that we not change the initiative process that we have in place now. He said he does not believe that the Legislature should be threatened or held hostage by any group that says "if you vote for this, we'll go out and get signatures and suspend this action."

Testifying Opponents and Who They Represent:

Vera Cahoon, Missoula County Freeholders Association

C. B. Pearson, Executive Director, Common Cause of Montana

Opponent Testimony:

VERA CAHOON, representing the Missoula County Freeholders Association, presented written testimony (Exhibit 6).

C. B. PEARSON, Executive Director, Common Cause of Montana, presented written testimony (Exhibit 7).

Questions From Committee Members:

REP. ROTH asked C. B. Pearson if he believed in the initiative process and that the voters ought to have the ability to make decisions. Mr. Pearson said yes. REP. ROTH said then why do you oppose putting SB 9 on the ballot so the people could make that decision. Mr. Pearson said that we believe that this particular ballot issue would take away from the people's right to access the electoral process. He said if there was an initiative to place this on the ballot, then he would support it.

Closing by Sponsor: Rep. Harp said that he would ultimately like to see the Legislature have a little more authority and power as we will be the ones that will continue to take the heat when we go back home and be asked why we haven't done anything. If the public doesn't like what we're doing, then every two years, and in some cases, every four years, they have the opportunity to vote us out. He thanked the Committee.

DISPOSITION OF SB 9

Motion: REP. CAMPBELL moved SB 9 BE CONCURRED IN.

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: A roll call vote was taken. The motion FAILED by a vote of 8 - 10. REP. ROTH moved TO REVERSE THE VOTE TO BE NOT CONCURRED IN . The motion CARRIED unanimously.

DISPOSITION OF SB 356

Hearing Date: March 1, 1989

Motion: REP. SQUIRES moved SB 356 BE CONCURRED IN.

Discussion: None

Amendments, Discussion, and Votes: Rich Brown from the Montana Military Affairs Division distributed amendments to SB 356 (Exhibit 8) and explained them. He said he made an error and assumed on page 1, line 16, where the term "part" is used that "part" would cover the entire chapter concerning veterans. It does not. He said, that the amendments change the language and inserted the word "chapter." The amendments then make all of the language work together under the definition of who is a veteran. This corrects the bill to make it do what it was intended to do, which is to provide for the merchant marines that served during World War II and for the members of the First Special Service Force." REP. SQUIRES moved the amendments.

REP. ROTH asked if a veteran dies at the Veterans' Home, is he buried by the county in which the home is located or by the county of residence. Mr. Brown said that the $250 in the bill goes to whichever funeral director is preparing the body for burial. The money comes from the county to pay the funeral director. The law says that the county in which the Veterans' Home is located does not have to pay the funeral expenses for those folks that die in the nursing home. It is the responsibility of the county of residence.

The amendment CARRIED unanimously.

Recommendation and Vote: REP. SQUIRE moved SB 356 AS AMENDED TO BE CONCURRED IN. The motion CARRIED unanimously. Rep. O'Keefe will carry the bill on the House floor.

DISPOSITION OF SB 86

Motion: REP. NELSON moved SB 86 BE CONCURRED IN.

Discussion: REP. WESTLAKE said he opposes the motion because in his campaigning he received many comments from people in his district that they want to be assured that they were registered four years ago because they only vote in presidential elections. He said he thinks many of his constituents would be purged under this bill.

REP. SPRING said that the opponents of this bill encourages voter apathy. He said that if we are ever going to get this country going, we need to get more people patriotic so they will feel it is a privilege and a duty to vote every two years.

REP. NELSON said he sees nothing wrong with purging the rolls every two years. He said that people have the obligation to exercise their right to vote. Registration drives artificially inflate voter registration lists. In the 1984 election in Flathead County, over half that had to be purged were those registered in late summer. He said that they didn't bother to vote. The Flathead County election clerk said the county has no problem with purging the voter list every two years. They said it wouldn't cost any more to do this. He said he thinks it is a good bill and will aid in the school bond elections.

Amendments, Discussion, and Votes: None

Recommendation and Vote: A roll call vote was taken. The motion FAILED 6 - 12. REP. PHILLIPS moved to reverse the vote. SB 86 received a BE NOT CONCURRED IN recommendation by a vote of 12 - 6.

DISPOSITION OF SB 95

Hearing Date: March 9, 1989

Motion: REP. CAMPBELL moved SB 95 BE CONCURRED IN.

Discussion:

REP. NELSON said that what bothered him in the testimony on this bill was all of the organizations that were "piggybacking" on the state rate.

REP. ROTH said he talked with the people in some of those "piggybacking" organizations. He said that under the title of the bill we probably couldn't do anything about that. But it seems that there should be some kind of a form for the state agency that can be given to an employee when actually on state business so the motel/hotel agent can verify that. There is an abuse of the state rate.

REP. COCCHIARELLA said that she heard from two managers of the facilities that they allow them to do that. She thinks that it is up to the agents to decide what they wish to do. She said, "I do not think we should take away their right to make that decision."

Amendments, Discussion, and Votes: None

Recommendation and Vote: The motion CARRIED 15 - 1, with Rep. DeBruycker voting no. Rep. Jan Brown will carry this bill on the House floor.

DISPOSITION OF SB 286

Hearing Date: March 9, 1989

Motion: REP. ROTH moved SB 286 BE CONCURRED IN.

Discussion: None

Amendments, Discussion, and Votes: REP. ROTH moved the cleanup amendment. The motion CARRIED unanimously. REP. DEBRUYCKER moved the Larry Dodge amendment. REP. WESTLAKE asked if Sen. Beck agreed to this amendment. He was told that Sen. Beck had agreed to it. The motion CARRIED unanimously.

Recommendation and Vote: REP. ROTH moved SB 286 BE CONCURRED IN AS AMENDED. The motion CARRIED unanimously. Rep. Campbell will carry this bill on the House floor.

ADJOURNMENT

Adjournment At: 11:13 a.m.

Jan Brown

REP. JAN BROWN, Chairman

JB/jb

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DAILY ROLL CALL

STATE ADMINISTRATION COMMITTEE

51th LEGISLATIVE SESSION -- 1989

Date March 10, 1989

NAME	PRESENT	ABSENT	EXCUSED
Rep. Jan Brown, Chairman	✓		
Rep. Helen O'Connell, Vice Ch.			✓
Rep. Vicki Cocchiarella	✓		
Rep. Ervin Davis	✓		
Rep. Floyd "Bob" Gervais	✓		
Rep. Janet Moore			✓
Rep. Angela Russell	✓		
Rep. Carolyn Squires	✓		
Rep. Vernon Westlake	✓		
Rep. Timothy Whalen	✓		
Rep. Bud Campbell	✓		
Rep. Duane Compton	✓		
Rep. Roger DeBruycker	✓		
Rep. Harriet Hayne	✓		
Rep. Richard Nelson	✓		
Rep. John Phillips	✓		
Rep. Rande Roth	✓		
Rep. Wilbur Spring, Jr.	✓		

CS-30

STANDING COMMITTEE REPORT

March 10, 1989

Mr. Speaker: We, the committee on State Administration report that SENATE BILL 297 (third reading copy -- blue) be concurred in as amended.

Signed: Jan Brown
Jan Brown, Chairman

[REP. PHILLIPS WILL CARRY THIS BILL ON THE HOUSE FLOOR]

And, that such amendments read:

1. Page 1, line 12.
Following: "(1)"
Insert: "(a)"

2. Page 1, line 16.
Strike: "for publication"

3. Page 1, line 18.
Strike: "shall"
Insert: "must"

4. Page 1, lines 18 and 19.
Strike: "for" on line 18 and "publication" on line 19

5. Page 1.
Following: line 19
Insert: "(b) For an audit report of a local government entity provided for in 2-7-503(1)(a) or (1)(b), the department shall send to the appropriate newspaper a copy of a summary of significant findings regarding the audit report. The summary, which may not exceed 800 words, must be prepared by the auditing agency or firm and contain a statement indicating that it is only a summary and is not intended to be used as an audit report."

6. Page 1, line 20.
Strike: "The" through "a"
Insert: "For an audit report of a local government entity provided for in 2-7-503(1)(a) or (1)(b), a newspaper is

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required to publish only:
(a) the"

7. Page 1, lines 21 and 22.
Strike: ", not" on line 21 through "firm" on line 22
Insert: "provided for in subsection (1)(b);"

8. Page 1, line 22.
Following: "and"
Insert: "(b)"

9. Page 1, line 25.
Strike: "A" through "the"
Insert: "For an"

10. Page 2, lines 1 and 2.
Strike: "within" on line 1 through "2-7-503" on line 2
Insert: "provided for in 2-7-503(1)(c) through (1)(h), the newspaper"

11. Page 2, line 2.
Strike: "contain"
Insert: "publish"

12. Page 2, line 3.
Following: "(2)"
Insert: "(b)"

13. Page 2, line 7.
Strike: "statement"
Insert: "statements"

14. Page 2, line 8.
Strike: "shall"
Insert: "must"

STANDING COMMITTEE REPORT

March 10, 1989

Mr. Speaker: We, the committee on State Administration report that SENATE BILL 395 (third reading copy -- blue) be concurred in as amended.

Signed: Jan Brown

Jan Brown, Chairman

[REP. REAM WILL CARRY THIS BILL ON THE HOUSE FLOOR]

And, that such amendment read:

1. Page 2, line 11.
Following: "of"
Insert: "or the authorized sale or disposal of equipment purchased with"

STANDING COMMITTEE REPORT

March 10, 1989

Mr. Speaker: We, the committee on State Administration report that SENATE BILL 9 (third reading copy -- blue) be NOT concurred in .

Signed: Jan Brown
Jan Brown, Chairman

[REP. JAN BROWN WILL REPORT THIS ADVERSE REPORT TO THE COMMITTEE OF THE WHOLE HOUSE]

STANDING COMMITTEE REPORT

March 10, 1989

Mr. Speaker: We, the committee on State Administration, having reconsidered SENATE BILL 356, report that SENATE BILL 356 (third reading copy -- blue) be concurred in as amended.

Signed: Jan Brown
Jan Brown, Chairman

[REP. O'KEEFE WILL CARRY THIS BILL ON THE HOUSE FLOOR]

And, that such amendments read:

1. Title, line 11.
Following: "10-2-101"
Insert: ", 10-2-401, 10-2-403, 10-2-501,"

2. Page 1, line 16.
Strike: "part"
Insert: "chapter"

3. Page 1, line 22.
Strike: ", including"
Insert: ". The term includes"

4. Page 1.
Following: line 25
Insert: "Section 2. Section 10-2-401, MCA, is amended to read:
"10-2-401. Location and function of home -- persons admitted. The institution at Columbia Falls is the "Montana veterans' home" and as its primary function provides home and subsistence for ~~honorably discharged~~ veterans. The department of institutions may also admit spouses or surviving spouses of ~~honorably discharged~~ veterans to the home if space allows."

Section 3. Section 10-2-403, MCA, is amended to read:
"10-2-403. Eligibility for residence in home. To be eligible for residence in the Montana veterans' home under ~~the regulations~~ rules prescribed by the department of institutions, a person must be ~~an honorably discharged~~ a veteran or the spouse or surviving spouse of a veteran ~~who served in the armed forces of the United States~~. Consideration must also be given to:

(1) the person's age;
(2) the person's physical and mental status;
(3) the person's ability or inability to locate suitable alternative accommodations;
(4) the person's term of residence in Montana;
(5) the person's gender as it relates to availability of appropriate living space;
(6) the ability of the Montana veterans' home to meet the person's needs; and
(7) ~~such~~ other admission requirements ~~as may be~~ established by the department."

Section 4. Section 10-2-501, MCA, is amended to read:
"10-2-501. Burial allowance for military. (1) The board of commissioners of each county in this state shall designate a person in the county, preferably ~~an honorably discharged serviceman or servicewoman~~ a veteran, as veterans' burial supervisor.

(2) The veterans' burial supervisor shall cause to be decently interred the body of any ~~servicemen or servicewoman~~ veteran who is a resident of the state of Montana ~~and either:~~

~~(a) served in any branch of the armed services of the United States, was honorably discharged, and may hereafter die;~~

~~(b) is now serving and dies while so serving;~~

~~(c) died while in service during any declared or undeclared war; or~~

~~(d) is a resident of the Montana veterans' home at time of death~~.

(3) ~~Such~~ The burial ~~shall~~ may not be made in any burial grounds or cemetery or in any portion of any burial grounds or cemetery used exclusively for the burial of pauper dead.

(4) A sum not to exceed $250 to defer burial ~~expense shall~~ expenses must be paid by the county commissioners of the county in which the ~~deceased~~ veteran was ~~an actual~~ a bona fide resident at the time of death.

(5) The burial benefits ~~hereof~~ are not available in the case of any ~~decedent~~ veteran whose executor, administrator, or heirs waive the benefits.

(6) Whenever burial is of a resident of the Montana veterans' home, a sum not to exceed $250 to defer burial expenses ~~shall~~ must be paid by the county commissioners of the county in which the ~~deceased person~~ veteran resided prior to admittance to the Montana veterans' home.

(7) If a ~~person qualified under subsection (2)(a)~~ veteran dies while temporarily absent from the state or county of residence, the provisions of this section apply

and the burial expenses not exceeding the amount ~~herein~~ specified ~~shall~~ in this section must be paid in the same manner as ~~above~~ provided in this section.

(8) Whenever a ~~person qualified under subsection (2)(a)~~ veteran dies at any public institution of the state of Montana, other than the Montana veterans' home, and burial for any cause is not made in the county of the former residence of the ~~deceased~~ veteran, the officers of the state institution shall provide the proper burial ~~herein~~ prescribed in this section. The reimbursement for the expense of each burial may not exceed $250. The expense ~~shall~~ must be paid by the county in which the ~~decedent~~ veteran resided at the time of entry into ~~such~~ the institution.

(9) ~~No such~~ A burial may not be covered by any special or standing contract whereby the cost of burial is reduced below the maximum ~~hereinbefore~~ amount fixed in this section, to the disparagement of proper interment.""

Renumber: subsequent section

5. Page 3.
Following: line 12
Insert: "NEW SECTION. Section 6. Extension of authority. Any existing authority to make rules on the subject of the provisions of [this act] is extended to the provisions of [this act].

NEW SECTION. Section 7. Code commissioner instruction. Whenever the terms "serviceman or servicewoman", "deceased person", "deceased", or "deceased's" appear in Title 10, chapter 2, part 5, the code commissioner shall change the term to "veteran" or "veteran's"."

STANDING COMMITTEE REPORT

March 10, 1989

Mr. Speaker: We, the committee on State Administration report that SENATE BILL 86 (third reading copy -- blue) be NOT concurred in .

Signed: Jan Brown
Jan Brown, Chairman

[REP. JAN BROWN WILL PRESENT THIS ADVERSE REPORT TO THE COMMITTEE OF THE WHOLE HOUSE]

80

561221SC.HBV

STANDING COMMITTEE REPORT

March 10, 1989

Mr. Speaker: We, the committee on State Administration report that SENATE BILL 95 (third reading copy -- blue) be concurred in .

Signed: Jan Brown
Jan Brown, Chairman

[REP. JAN BROWN WILL CARRY THIS BILL ON THE HOUSE FLOOR]

561217SC.HBV

2/11
1:49

STANDING COMMITTEE REPORT

March 10, 1989

Mr. Speaker: We, the committee on State Administration report that SENATE BILL 286 (third reading copy -- blue) be concurred in as amended.

Signed: Jan Brown
Jan Brown, Chairman

[REP. CAMPBELL WILL CARRY THIS BILL ON THE HOUSE FLOOR]

And, that such amendments read:

1. Title, line 14.
Following: "ON"
Insert: "PROPERLY QUALIFIED"

2. Title, lines 14 and 15.
Strike: "AND" on line 14 through "ISSUE" on line 15

3. Page 1, line 25 through page 2, line 2.
Strike: "THE" on page 1, line 25 through "OR" on page 2, line 2

4. Page 2, lines 21 and 22.
Strike: "limiting" on line 21 through "election and" on line 22

5. Page 2, line 25 through page 3, line 1.
Strike: "limiting" on page 2, line 25 through "election and" on page 3, line 1

BV

561233SC.HBV

EXHIBIT 1A
DATE 3-10-89
SB 296

Amendments to Senate Bill No.
Third Reading Copy

For the House Committee on State Administration

Prepared by Lois Menzies
March 10, 1989

1. Page 1, line 16.
Strike: "licensing,"
Following: "review"
Strike: ","

2. Page 1, line 19.
Strike: "licensing,"
Following: "review"
Strike: ","

3. Page 1, line 22.
Strike: "licensing,"
Following: "review"
Strike: ","

EXHIBIT 18
DATE 3-10-89
SB 297

Gray Senate Bill No. 297 -- Unofficial
March 10, 1989

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING LOCAL GOVERNMENT ENTITIES TO RESTRICT PUBLICATION OF AUDIT REPORTS TO A SUMMARY OF SIGNIFICANT FINDINGS AND A STATEMENT THAT THE REPORT IS ON FILE AND OPEN TO PUBLIC INSPECTION; AND AMENDING SECTION 2-7-521, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 2-7-521, MCA, is amended to read:

"**2-7-521. Publication.** (1)(a) Except as provided in subsection (3), after the expiration of the 30-day period provided for in 2-7-515(1), the department shall send a copy of the general comments section of each audit report to a newspaper of general circulation ~~for publication~~. However, the general comments section of each county audit report ~~shall~~ MUST be sent to the official newspaper of the county ~~for publication~~.

(B) FOR AN AUDIT REPORT OF A LOCAL GOVERNMENT ENTITY PROVIDED FOR IN 2-7-503 (1)(A) OR (1)(B), THE DEPARTMENT SHALL SEND TO THE APPROPRIATE NEWSPAPER A COPY OF A SUMMARY OF SIGNIFICANT FINDINGS REGARDING THE AUDIT REPORT. THE SUMMARY MUST BE PREPARED BY THE AUDITING AGENCY OR FIRM AND MAY NOT EXCEED 800 WORDS.

(2) ~~The publication shall include a~~ FOR AN AUDIT REPORT OF A LOCAL GOVERNMENT ENTITY PROVIDED FOR IN 2-7-503(1)(A) OR (1)(B), A NEWSPAPER IS REQUIRED TO PUBLISH ONLY:

(A) THE summary of significant findings~~, not to exceed 800 words, prepared by the auditing agency or firm~~ PROVIDED FOR IN SUBSECTION (1)(B); and

(B) a statement to the effect that the audit report is on file in its entirety and open to public inspection.

(3) ~~A publication concerning~~ FOR AN the audit report of a local government entity ~~within (1)(c) through (1)(h) of 2-7-503~~ PROVIDED FOR IN 2-7-503(1)(C) THROUGH (1)(H), THE NEWSPAPER is required to ~~contain~~ PUBLISH only the statement provided for in subsection (2)(B) and a statement providing that the audited government entity will send a copy of the audit report to any interested person upon request. A copy of the audit report must be sent to the newspaper

publishing the ~~statement~~ STATEMENTS.

(4) Publication costs ~~shall~~ MUST be borne by the audited governmental entity."

-END-

AUDIT PUBLICATION INTRODUCTION

An [redacted] of the [redacted] s of [redacted] y of [redacted] has [redacted] onduc[redacted] the [redacted] fied Public Accounting Firm of Galusha, Higgins, and Galusha, of Helena, Montana. The audit covered the fiscal year ended June 30, 1988.

Section 2-7-521, MCA, requires the publication of the general comments section of this audit report. This law also requires that the publication include a statement that the audit report is on file in its entirety and open to public inspection at the City Hall.

The general comments section includes the Accountant's Report, which is the auditor's opinion on the financial statements, and any narrative of findings and recommendations. The following publication of the general comments section may contain references to a table of contents, financial statements, notes to the financial statemens, or supplemental schedules which will not be included within this publication. However, this information is a part of the complete audit report on file and open to public inspection at the above location.

Very truly yours,
DONALD L. DOOLEY
Bureau Chief

November 10, 1988
The Honorable Mayor, City Commissioners,
City Manager
City of Helena
Helena, Montana

We have examined the general purpose financial statements of the City of Helena, Montana as of and for the year ended June 30, 1988, as listed in the table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and other such auditing procedures as we considered necessary in the circumstances.

In our opinion, the general purpose financial statements referred to above present fairly the financial position of the City of Helena, Montana at June 30, 1988, and the results of its operations and the changes in financial position of its proprietary fund types and similar trust funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GALUSHA, HIGGINS AND GALUSHA
Certified Public Accountants

AUDITOR'S REPORT ON INTERNAL CONTROLS-FEDERAL ASSISTANCE PROGRAMS

November 10, 1988
The Honorable Mayor, City Commissioners,
City Manager
City of Helena
Helena, Montana

We have examined the general purpose financial statements of the City of Helena, Montana, for the year ended June 30, 1988, and have issued our report thereon dated November 10, 1988. As part of our examination, we made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering Federal financial assistance programs to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards, the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, activities, and Functions, issued by the U.S. General Accounting Office, the Single audit Act of 1984, and the provisions of OMB Circular A-128, Audits of State and Local Governments. For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering Federal financial assistance programs in the following categories:

Cash
Revenue and receipts
Expenditures for goods and services
Grant and similar programs

The management of the City of Helena, Montana, is responsible for establishing and maintaining internal control systems used in administering Federal financial assistance programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems used in administering Federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to Federal financial assistance programs, resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports. Because of inherent limitations in any system of internal accounting and administrative controls used in administering Federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study included all of the applicable control categories listed in the first paragraph. During the year ended June 30, 1988, the City of Helena, Montana had no major Federal financial assistance programs and expended 57.3% of its total Federal financial assitance under the following nonmajor Federal financial assistance programs: Revenue Sharing and Department of Housing and Urban Development. With respect to internal control systems used in administering nonmajor Federal financial assistance program, our study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether the necessary procedures are prescribed and are being following satisfactorily, and evaluating any weaknesses.

With respect to the internal control systems used solely in administering the other nonmajor Federal financial assistance programs of the City of Helena, auditing procedures necessary for expressing an opini[illegible] statements. Our study and evaluation was more limited than would be necessary [redacted] press [redacted] inion [redacted] e sys [redacted] inte[redacted] ccoun[redacted] control taken as a whole or on any of the categories of controls i[illegible]ed ab[redacted]

The management of the City of Helena, Montana, is reponsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statemens in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the accounting procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the City of Helena, Montana, taken as a whole or on any of the categories of controls identified in the first paragraph. However, our study and evaluation disclosed no condition that we believe to be a material weakness. Other comments and observations which came to our attention during our examination are set out at pages 47-50 of this report.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our examination of the 1988 financial statements, and this report does not affect our report on the financial statements dated November 10, 1988.

This report is intended solely for the use of management and the City Commission and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the City Commission is a matter of public record.

GALUSHA, HIGGINGS AND GALUSHA
Certified Public Accountants

AUDITORS' COMPLIANCE REPORT

November 10, 1988
The Honorable Mayor, City Commissioners,
City Manager
City of Helena
Helena, Montana

We have examined the general purpose financial statements of the City of Helena, Montana, for the year ended June 30, 1988, and have issued our report thereon dated November 10, 1988. Our examination was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the City of Helena, Montana is reponsible for the City's compliance with laws and regulations. In connection with our examination referred to above, we selected and tested transactions and records to determine the City's compliance with laws and regulations noncompliance with which could have a material effect on the general purpose financial statements of the City.

The results of our tests indicate that for the items tested, the City of Helena, Montana complied with those provisions of laws and regulations noncompliance with which could have a material effect on the general purpose finacial statements. Nothing came to our attention that caused us to believe that for the items not tested the City of Helena, Montana was not in compliance with laws or regulations noncompliance with which could have a material effect on the City's general purpose financial statements.

GALUSHA, HIGGINS AND GALUSHA
Certified Public Accountants

CITY OF HELENA
OTHER COMMENTS AND OBSERVATIONS

OUTSTANDING WARRANT REGISTER

As part of our examination of short-term payables, we noted that the outstanding warrant register was not reconciled on a monthly basis or at year-end to the warrants outstanding on the general ledger. Although the difference between the listing (subsidiary system) and the general ledger account at year-end was immaterial, it is important that monthly reconciliations be performed. In reconciling the subsidiary system to the control account, internal control is further achieved in the warrant writing and redemption process.

RECOMMENDATION

We recommend that the City review the warrant process and provide for monthly reconciliations of warrants outstanding.

Prior Report Recommendations

The following table reflects the status of the prior years' audit recommendations. In summary, City management has implemented 18 recommendations, partially implemented 4 recommendations, and not implemented 2 recommendations of the 24 recommendations in total.

	Implemented	Partially Implemented	Not Implemented

1. C[illegible] ma[illegible] a procedures and

nancial assistance programs of the City of Helena, Montana, did not extend beyond this preliminary review phase.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the Federal financial assistance programs of the City of Helena, Montana. Accordingly, we do not express an opinion on the internal control systems used in administering the Federal financial assistance programs of the City of Helena, Montana.

Also, our examination, made in accordance with the standards mentioned in the first paragraph, would not necessarily disclose material weaknesses in the internal control systems, for which our study and evaluation was limited to a preliminary review of the systems, as discussed in the fifth paragraph of this report.

However, our study and evaluation and our examination disclosed no condition that we believe to be a material weakness in relation to a Federal financial assistance program of the City of Helena, Montana.

This report is intended solely for the use of management and the City Commission and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City of Helena, Montana, is a matter of public record.

GALUSHA, HIGGINS AND GALUSHA
Certified Public Accountants

AUDITOR'S COMPLIANCE REPORT-FEDERAL ASSISTANCE PROGRAMS

November 10, 1988
The Honorable Mayor, City Commissioners,
City Manager
City of Helena
Helena, Montana

We have examined the general purpose financial statements of the City of Helena, Montana, for the year ended June 30, 1988, and have issued our report thereon dated November 10, 1988. Our examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; the Single Audit Act of 1984; and the provisions of OMB Circular A-128, Audits of State and Local Governments, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the City of Helena, Montana, is responsible for the City's compliance with laws and regulations. In connection with the examination referred to above, we selected and tested transactions and records from nonmajor Federal financial assistance programs to determine the City's compliance with laws and regulations noncompliance with which we believe could have a material effect on the allowability of program expenditures.

The results of our tests include that for the transactions and records tested the City of Helena, Montana, complied with those laws and regulations noncompliance with which could have a material effect on the allowability of program expenditures. Our testing was more limited than would be necessary to express an opinion on whether the City of Helena, Montaina administered those programs in compliance in all material respects with laws and regulations noncompliance with which we believe could have a material effect on the allowability of program expenditures; however, with respect to the transactions that were not tested by us, nothing came to our attention that caused us to believe that for the items not tested the City of Helena, Montana, was not in compliance with laws or regulations noncompliance with which could have a material effect on the City's general purpose financial statements.

GALUSHA, HIGGINS AND GALUSHA
Certified Public Accountants

AUDITORS' REPORT ON INTERNAL CONTROL

November 10, 1988
The Honorable Mayor, City Commissioners
City Manager
City of Helena
Helena, Montana

We have examined the general purpose financial statements of the City of Helena, Montaina, for the year ended June 30, 1988, and have issued our report thereon dated November 10, 1988. As part of our examination, we made a study and evaluation of the system of internal accounting control of the City of Helena, Montana, to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for finacial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, programs, Activities, and Functions. For the purpose of this report, we have calssified the significant internal accounting controls in the following categories:

- Cash and investments
- Revenue, receivables and receipts - government funds
- Service revenue and receivables - proprietary fund types
- Expenditures for goods and services and accounts payable
- Payroll and related liabilities
- Inventories
- Property, equipment, and capital expenditures
- Debt and debt service expenditures
- Grant and simil... progra...

Our study included all of the control categories listed above. The purpose of our study and evaluation was to determine the nature, timing, and extent of the

...City.		X	
2. Develop and maintain a written manual for year-end procedures.	X		
3. Adequately train personnel processing capital outlay data.	X		
4. Reconcile parking lot revenues to tickets issued.	X		
5. Establish year end accounting procedures including:			
a. Adjust receivables to their proper balance at year end.	X		
b. Consolidate the existing year end procedures with the above noted list through a year-end operating manual.	X		
6. Review computer operations to insure that:			
a. History logs are periodically reviewed.			X
b. Access is restricted to data and program information.	X		
c. Authorization procedures for program changes are established.		X	
7. Implement the following procedures related to the Sanitation Department:			
a. Review and initial all customer account adjustments.	X		
b. Obtain a list of prior bad-debt writeoffs to be used as a reference when reinstating previous customers.	X		
8. Finance should consider the following related to cash management.			
a. Reflect the City Court's bond checking and bond deposits payable accounts in providing further accountability.	X		
9. Develop a formal procedures manual for collections of water, sewer and sanitation fees. Consider using alternative methods for collection of delinquent accounts.		X	
10. Require that any collection agreements with water customers be in writing and appropriately signed by all parties.	X		
11. Implement the necessary control procedures over unbilled water usage by the private sector at the City Shop.	X		
12. An employee of the City who is independent of the checking account functions should review the monthly cash reconciliations.	X		
13. Incorporate procedures that provide periodic reconcilations of the account receivable, real estate taxes receivable and bonds payable subsidiary records to the account balances in the general ledger.		X	
14. Consider segregating the duties with the rehabilitation loan program to strengthen internal controls.	X		
15. A physical count of inventories at all departments must be taken at year-end.	X		
16. In maintaining the City's property records, further efforts should be directed to:			
a. Preparation of an analysis of the pertinent expenditure accounts to insure that those expenditures are either reflected on the property schedule or properly expensed.	X		
b. Include in the property records construction in progress.	X		
c. Revising the property records schedule to correspond with the customary format including separate columns for additions, dispositions and interdepartment transfers of fixed assets.			X
d. Have accounting personnel perform the cost basis calculations on the capital outlay requisition sheets where trade-ins or other adjustments to the purchase price occur.	X		
e. Submitting copies of a department's respective property records schedule to the department chief on a semi-annual basis for their review.	X		

We thank the City Manager, Finance Director and especially the staff for the cooperation and assistance provided us during the audit.
February 19, 1989

EXHIBIT 3
DATE 3-10-89
SB 395

TO: Chairperson Brown and Members of the House State Administration Committee

FROM: ASMSU and ASUM

RE: SB 395 Amendment Proposal, Page 2, line 12

NEW SECTION. **SECTION 1.**

(4) This chapter does not apply to expenditures of or the authorized sale or disposal of equipment purchased with money raised by student activity fees designated for use by the student associations of the University System.

EXHIBIT 4
DATE 3-10-89
~~HB~~ SB 395

ASUM

Associated Students
University of Montana

Room 105
University Center
Missoula, MT 59812
(406) 243-2451

	Univ of Mont Office Supplies	Delaneys Office Products	Wyckman's
1. Legal pad 8 1/2" x 11 3/4" x 4	$2.20	$3.32	$1.59
2. Legal pad 5" x 8" x 2	$0.58	$1.48	$0.88
3. Typing paper 8 1/2" x 11" x 200	$1.65	$1.65	$1.65
4. 3M Post-it Note Pads x 2	$1.70	$0.79	$1.02
5. Liquid Paper (brand name) 6 fluid oz.	$1.69	$0.85	$1.09
6. 1" radius 3-ring binder	$1.55	$2.59	$1.79
7. Manilla envelopes 10" x 13" x 10	$1.30	$1.00	$1.00
8. American Pencils #2 1 box of 12	$1.09	$0.79	$0.98
9. Bic Round Stick pens (medium) 1 box of 12	$2.09	$1.39	$1.69
10. Gem paper clips 1 box of 100	$0.25	$0.15	$0.36
11. Dennison file labels 1 box of 252	$2.29	$2.79	$2.49
12. 3-M Scotch Magic Tape 1 roll 1/2" x 960"	$1.09	$1.46	$2.00
13. High-light markers x 4	$3.16	$1.96	$0.69
14. Desk-top calender (1989)	$2.50	$2.99	$1.99

****

Instructional Material Service - Univ. of MT

VCR & TV rental -- $21.60 (4 hours)
-- $38.00 (12 hours)

	National Video	Pick-A-Flick
VCR (24 hrs)	$2.95	$2.50
TV (24 hrs)	$2.95	$4.00

Jennifer Isern, President — Nancy Hiett, Vice President — Sonia Hurlbut, Business Manager

ASUM
Associated Students
University of Montana
Room 105
University Center
Missoula, MT 59812
(406) 243-2451

House State Administration Committee

Senate Bill 395 - Sen. Boylan

Hearing: March 10, 1989, Room 312-1.

Madam chairman and members of the committee, good morning. My name is Mike Craig and I represent the Associated Students of the University of Montana.

Currently, the student associations in the University System find that being restricted to state procurement laws often results in purchases of supplies or services at prices over those for comparable purchases in the private sector. Additionally, being confined to the state procurement process translates into lengthy waits for final approval of purchases. Senate Bill 395 would amend those laws to give the student associations the option of making purchases of supplies and services off-campus. Having the ability to "shop around" would encourage student groups to spend association money more efficiently. However, if price comparisons result in a purchase being less expensive through available campus services, then the student groups will retain that option.

It is a good business bill because it allows students the option to make purchases in the local or state economy with student activity fee revenues - which are state funds.

ASUM has agreed through its ASUM Fiscal Policy to keep all purchases in the State of Montana unless that product or service does not exist or is otherwise not available in Montana.

ASUM has also adopted a purchasing policy where any expenditure request in excess of $300 will be accompanied with a

EXHIBIT 5
DATE 3-10-89
SB 395
2 of 2

minimum of three (3) written quotes OR will otherwise go through the regular university purchasing process. This does ensure that these funds will not be abused.

Staff of the Commissioner of Higher Education have reviewed this proposal and have no objections to it.

All financial transactions will still proceed through regular University accounting procedures, ensuring adequate financial reporting.

The student associations have requested this exemption from state purchasing requirements because we can demonstrate it is more efficient if the student groups are given the ability to do "comparative shopping" and locate better prices in the local economy.

The handout you now have is an example of price comparisons between the required on-campus purchasing agency known as Office Stores and two local businesses in Missoula. On that list, you will find that in nine of the comparisons, at least one of the private sector prices is better than the on-campus price. In four of the comparisons, the on-campus price is better.

At the bottom of the page, the price differences between the on-campus Instructional Material Service and two local video stores for rentals of TV's and VCR's further demonstrates the inefficient and costly spending system that ASUM is restricted to.

We therefore urge your favorable consideration of SB395 so we can use state money much more efficiently. Madam chairman and members of the committee, thank you.

EXHIBIT 6
DATE 3-10-89
SB 9
1 of 2

Missoula County Freeholders Association, Inc.
Box 7643 • Missoula, Montana 59807-7643

Missoula County Freeholders Association
Organized 1977
Incorporated 1984
Working For You!

March 3, 1989

Senate Bill # 9

For the record, my name is Vera Cahoon. I represent the Missoula Co Freeholders Assn. We strongly oppose SenateBill 9. The Missoula Co. Freeholders is a grass-roots organization of approximately 800 members. Requirements for membership includes owning real property and paying taxes in Missoula County.

We have never carried petitions to suspend an act of the legislature and have never spearheaded any drive to place an initiative on the ballot, but di d work for the success of I-105.

I know of no time when the people of Montana have used Article III, Sec.5 of the constitution. However we believe that it should be left as it is.

To get the signatures of 15% of the qualified electors in this state is a tremendous task--30% would be impossible. The cost of such and undertaking also adds to the impossibility of securing many signatures.

I do not understand why we need this bill---What is going on that would cause such a fear of suspension by the people?

Senator Harp said in the Senate hearing he feared someday they would appropriate a bunch of money and the people would

EXHIBIT 6
DATE 3-10-89
SB 9
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suspend the method of raising it. It would seem to me---he must have something in mind------. The place to address this is at the appropriation end of the process. Don't keep spending what you don't have.

If the Legislative body (both houses) acts in good faith and does what is right for the people of this state, they have nothing to fear from those people they represent.

I suggest to you that you now act in good faith and kill this bill here in committee and get on with the serious issues facing you this session.

Vera Cahoon

COMMON CAUSE/MONTANA

P.O. Box 623
Helena, Montana 59624 (406) 442-9251

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DATE 3-10-89
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TESTIMONY OF COMMON CAUSE

IN OPPOSITION TO SB 9

3 MARCH 1989

Madame Chairwoman and members of the House State Administration Committee, for the record, my name is C.B. Pearson, Executive Director of Common Cause in Montana. I am here on behalf of the members of Common Cause.

Common Cause of Montana would like to go on the record in opposition to Senate Bill 9.

It is Common Cause's position that SB 9 is unneeded and would in a "defacto" manner make Article III, section 5 (2) of the Constitution meaningless. It would push involvement in our government further away from the people of our state when we pride ourselves on that involvement. This section of the Constitution is a necessary release valve, one that communicates to the people of the state that they can be involved in a decision, if necessary.

In a state as large as Montana with its sparse population, the threshold of 15% is quite beyond reach unless an issue activates and gathers the support of substantial number of Montanans. A threshold of 30% would be next to impossible to reach.

Moving the percentage to 30% would remove this important vehicle from citizens and their organizations. Only well-financed interest groups would be likely to achieve the 30% threshold. From our experience, the 15% threshold is a very difficult one. It is our understanding that this provision has never been used. The type of field operation and people hours to identify 15%

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of the eligible voters in 51 House districts would be an amazing accomplishment. Any entity gathering signatures would have to have an organization in place that would cover 60 plus districts to overcome any disqualifications. In addition the operation would want to gather 15% to 30% above the minimum requirement to be sure to qualify. In and of itself, getting 15% of the signatures of the registered voters in any one district is a tremendous undertaking. Any effort to do that on a statewide basis would be one that can not and would not be taken lightly.

With this bill the old adage, "if it ain't broke, don't fix it" applies. First there appears to be no need for a change of the percentage of signatures. Second, the threshold established by the original framers of the Constitution provides enough of a safeguard, with the wide distribution requirement, to avoid abuse.

Therefore, we urge a "do not pass" recommendation on SB 9.

Thank you for your time and consideration.

EXHIBIT 8
DATE 3-10-89
SB 356
1 of 2

Amendments to Senate Bill No. 356
Third Reading Copy

Requested by Representative Bob Gervais
For the House Committee of the Whole

Prepared by Lois Menzies
March 3, 1989

1. Title, line 11.
Following: "10-2-101"
Insert: ", 10-2-401, 10-2-403, 10-2-501,"

2. Page 1, line 16.
Strike: "part"
Insert: "chapter"

3. Page 1, line 22.
Strike: "<u>, including</u>"
Insert: ". The term includes"

4. Page 1.
Following: line 25
Insert: "Section 2. Section 10-2-401, MCA, is amended to read:
"**10-2-401. Location and function of home -- persons admitted.** The institution at Columbia Falls is the "Montana veterans' home" and as its primary function provides home and subsistence for ~~honorably discharged~~ veterans. The department of institutions may also admit spouses or surviving spouses of ~~honorably discharged~~ veterans to the home if space allows."

Section 3. Section 10-2-403, MCA, is amended to read:
"**10-2-403. Eligibility for residence in home.** To be eligible for residence in the Montana veterans' home under ~~the regulations~~ <u>rules</u> prescribed by the department of institutions, a person must be ~~an honorably discharged~~ <u>a</u> veteran or the spouse or surviving spouse of a veteran ~~who served in the armed forces of the United States~~. Consideration must also be given to:
(1) the person's age;
(2) the person's physical and mental status;
(3) the person's ability or inability to locate suitable alternative accommodations;
(4) the person's term of residence in Montana;
(5) the person's gender as it relates to availability of appropriate living space;
(6) the ability of the Montana veterans' home to meet the person's needs; and
(7) ~~such~~ other admission requirements ~~as may be~~ established by the department."

Section 4. Section 10-2-501, MCA, is amended to read:
"**10-2-501. Burial allowance for military.** (1) The board of commissioners of each county in this state shall

designate a person in the county, preferably ~~an honorably discharged serviceman or servicewoman~~ a veteran, as veterans' burial supervisor.

(2) The veterans' burial supervisor shall cause to be decently interred the body of any ~~serviceman or servicewoman~~ veteran who is a resident of the state of Montana ~~and either:~~

~~(a) served in any branch of the armed services of the United States, was honorably discharged, and may hereafter die;~~

~~(b) is now serving and dies while so serving;~~

~~(c) died while in service during any declared or undeclared war; or~~

~~(d) is a resident of the Montana veterans' home at time of death~~.

(3) ~~Such~~ The burial ~~shall~~ may not be made in any burial grounds or cemetery or in any portion of any burial grounds or cemetery used exclusively for the burial of pauper dead.

(4) A sum not to exceed $250 to defer burial ~~expense shall~~ expenses must be paid by the county commissioners of the county in which the ~~deceased~~ veteran was ~~an actual~~ a bona fide resident at the time of death.

(5) The burial benefits ~~hereof~~ are not available in the case of any ~~decedent~~ veteran whose executor, administrator, or heirs waive the benefits.

(6) Whenever burial is of a resident of the Montana veterans' home, a sum not to exceed $250 to defer burial expenses ~~shall~~ must be paid by the county commissioners of the county in which the ~~deceased person~~ veteran resided prior to admittance to the Montana veterans' home.

(7) If a ~~person qualified under subsection (2)(a)~~ veteran dies while temporarily absent from the state or county of residence, the provisions of this section apply and the burial expenses not exceeding the amount ~~herein~~ specified ~~shall~~ in this section must be paid in the same manner as ~~above~~ provided in this section.

(8) Whenever a ~~person qualified under subsection (2)(a)~~ veteran dies at any public institution of the state of Montana, other than the Montana veterans' home, and burial for any cause is not made in the county of the former residence of the ~~deceased~~ veteran, the officers of the state institution shall provide the proper burial ~~herein~~ prescribed in this section. The reimbursement for the expense of each burial may not exceed $250. The expense ~~shall~~ must be paid by the county in which the ~~decedent~~ veteran resided at the time of entry into ~~such~~ the institution.

(9) ~~No such~~ A burial may not be covered by any special or standing contract whereby the cost of burial is reduced below the maximum ~~hereinbefore~~ amount fixed in this section, to the disparagement of proper interment.""

Renumber: subsequent section

5. Page 3.

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Following: line 12
Insert: "NEW SECTION. Section 6. Extension of authority. Any existing authority to make rules on the subject of the provisions of [this act] is extended to the provisions of [this act].

NEW SECTION. Section 7. Code commissioner instruction. Whenever the terms "serviceman or servicewoman", "deceased person", "deceased", or "deceased's" appear in Title 10, chapter 2, part 5, the code commissioner shall change the term to "veteran" or "veteran's"."

VISITORS' REGISTER

STATE ADMINISTRATION COMMITTEE

BILL NO. SB 296 DATE March 10, 1989

SPONSOR SENATOR HAGER

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Harold E. Gerke	Mental Health Centers	X	
Steve Waldron	Mental Health Centers	X	
Joan Rebich	Mont. Mental Health Centers Assn	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

STATE ADMINISTRATION COMMITTEE

BILL NO. SB 297 DATE March 10, 1989

SPONSOR SENATOR HAMMOND

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Shelly Laine	City of Helena	X	
Charles Walk	MT. Newspaper Assn		
Scott Turner	Yellowstone County	✓	
Mike Voeller	Lee Newspapers		
Chris Gallus	Butte Silver Bow	✓	
Gloria Paladichuk	Richland Co. Commissioner	—	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

STATE ADMINISTRATION COMMITTEE

BILL NO. SB 395 DATE March 10, 1989

SPONSOR SENATOR BOYLAN

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Mike Craig	Associated Students of Univ of MT	X	
F.H. BUCK BOLES	MONTANA CHAMBER	X	
BRIAN HARLIN	ASMSU	X	
CHARLES MUNK	COLLEGE COALITION	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

CS-33

VISITORS' REGISTER

STATE ADMINISTRATION COMMITTEE

BILL NO. SB 9 DATE March 10, 1989

SPONSOR SENATOR HARP

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
VERA CAHOON	Mola Co. Freeholders		X
J.A. Buck Boles	Montana Chamber	X	
C.B. PEARSON	Common Cause		X

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

CS-33

ROLL CALL VOTE

STATE ADMINISTRATION COMMITTEE

DATE 3-10-89 BILL NO. SB 9 NUMBER 1

NAME	AYE	NAY
Jan Brown		✓
Bud Campbell	✓	
Vicki Cocchiarella		✓
Duane Compton	✓	
Ervin Davis		✓
Roger DeBruycker	✓	
Floyd "Bob" Gervais		✓
Harriet Hayne	✓	
Janet Moore		✓
Richard Nelson	✓	
Helen O'Connell		✓
John Phillips	✓	
Rande Roth	✓	
Angela Russell		✓
Wilbur Spring, Jr.	✓	
Carolyn Squires		✓
Vernon Westlake		✓
Timothy Whalen		✓
TALLY	8	10

Judy Burggraff
Secretary

Jan Brown
Chairman

MOTION: To be concurred in.

Form CS-31
Rev. 1985

ROLL CALL VOTE

STATE ADMINISTRATION COMMITTEE

DATE 3-10-89 BILL NO. SB86 NUMBER 1

NAME	AYE	NAY
Jan Brown		✓
Bud Campbell		✓
Vicki Cocchiarella		✓
Duane Compton	✓	
Ervin Davis		✓
Roger DeBruycker	✓	
Floyd "Bob" Gervais		✓
Harriet Hayne		✓
Janet Moore		✓
Richard Nelson	✓	
Helen O'Connell		✓
John Phillips	✓	
Rande Roth	✓	
Angela Russell		✓
Wilbur Spring, Jr.	✓	
Carolyn Squires		✓
Vernon Westlake		✓
Timothy Whalen		✓

TALLY 6 12

Judy Burggraff
Secretary

Jan Brown
Chairman

MOTION: Be concurred.

Form CS-31
Rev. 1985