

effect that we would like to have a private audit of the University books. As a result of this, Peat, Marwick & Mitchell audit, it was necessary that the University change some of the amounts in their particular funds so what this means is that it's moving cash from one fund to another so it is more easily identifiable. They were saying, as I understand the audit, that in some of these areas, it was very difficult to follow expenditures as far as the University was concerned. And, therefore, they recommended these changes and these changes have been put into effect or will be put into effect if the Legislature approves this bill.

SENATOR CARPENTER: Well, it did nothing.....

(End of Belt 7A)

(Begin Belt 8A)

In other words, we spent \$300,000 apparently just to find out that they recommend to the staff and the Budget Committee the changes that ought to be made. Was there anything else that developed?

SENATOR MARVEL: No, this is not the expenditure money. The amount spent was \$40,000. These are items which said in effect that up to now you have this money in revolving funds. It's difficult to follow. Put it in the cash fund where it's more easily identifiable. And that's what was done. The total cost of the audit as I understand it was \$40,000.

SENATOR CARPENTER: Now, in a broad statement, what is the position of the revolving fund generally in the areas which use them to a material degree? I realize that's a big question but generalize the best you can off the top of your head.

SENATOR MARVEL: You mean as to the condition of the revolving funds?

SENATOR CARPENTER: And whether or not they comply with the law and whether or not they comply with the attorney general's opinion.

SENATOR MARVEL: As far as the University's concerned, as a result of the Peat, Marwick & Mitchell study, the general statement I would make is that the revolving funds comply with the law. I'm not making that as a general statement in some other departments. You asked me about the University.

SENATOR CARPENTER: Well, and in the specific case of the DAS, are they complying with the law in your judgment?

SENATOR MARVEL: No.

SENATOR CARPENTER: And that's even in view of the fact that the Attorney General indicated as I recall, the opinion, they were now doing what he said they couldn't do.

SENATOR MARVEL: Yes.

SENATOR CARPENTER: And is it true that the administration has resisted as well as the state treasurer any attempt on the part of this Body and its members to correct the problem.