

PROGRAM 2 – ENERGY DEVELOPMENT PROGRAM

ALASKA ENERGY AUTHORITY

I. PROGRAM OBJECTIVES

Authorized under AS 42.45, the Alaska Energy Authority (AEA) Energy Development Program includes the energy sustainability plan and the renewable energy grant program pursuant to state legislation passed in 2008.

AEA grants fall under “umbrella” state funding sources for energy project construction and management activities. The objective of the program is to assist in developing projects in Alaska that reduce and stabilize the cost of energy and decrease dependency on diesel and Cook Inlet natural gas for power, heating, and transportation. Specific areas of project development include bio-fuels and biomass energy, combined heat and power, energy efficiency, geothermal, hydropower, ocean and river energy, and wind energy.

II. PROGRAM PROCEDURES

AEA administers grants in two ways:

1. **Managed on Behalf of the Grantee:** Through the terms of the grant agreement with the grantee, AEA acts as an agent of the grantee and directly procures all grant force account labor, materials and other services. AEA pays vendors directly for materials and services and the grantee does not receive funds directly. An accounting firm under contract with AEA pays force account payroll from a trust account into which AEA deposits grant funds for payroll and related taxes.
2. **Direct Award to the Grantee:** These grants are paid to the grantee based on the terms of the grant agreement.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED -

1. **Compliance Requirements:** Grant funds can be expended as specified in the grant agreement in accordance with the authorizing legislation, statutes, and regulations.

Suggested Audit Procedure: Review the grant agreement and related records to determine if the funds were expended in accordance with the terms of the agreement.

B. ELIGIBILITY -

The auditor is not expected to make tests for recipient eligibility.

PROGRAM 2 – ENERGY DEVELOPMENT PROGRAM

ALASKA ENERGY AUTHORITY

C. MATCHING, LEVEL OF EFFORT AND /OR EARMARKING REQUIREMENTS -

1. **Compliance Requirements:** The grant agreement identifies any matching, level of effort, or earmarking requirements.

Suggested Audit Procedure: Review the grant agreement, identify any matching, level of effort, or earmarking requirements, and verify that the requirements were met.

D. REPORTING REQUIREMENTS -

1. **Compliance Requirements:** The grant agreement specifies the reporting requirements to which the grantee must adhere.

Suggested Audit Procedures: Examine reports and supporting documentation and verify completeness, accuracy and timeliness of submission. Verify that required approvals were obtained and that expenditures and matching contributions were within the award performance period.

E. SPECIAL TESTS AND PROVISIONS -

1. **Compliance Requirements:** The grant agreement identifies any other compliance requirements to which the recipient is to adhere.

Suggested Audit Procedures: Review the grant agreement, identify any other applicable compliance provisions, including the “standard provisions,” and verify that the requirements were met.