PROGRAM 10 – GRANTS TO MUNICIPALITIES
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

I. PROGRAM OBJECTIVES

Authorized and administered under AS 37.05.315 - .325, grants to municipalities are made at the discretion of the Legislature. The grants are designated for use on various capital projects and activities.

II. PROGRAM PROCEDURES

Once the authorizing legislation becomes effective, a grant agreement specifying the purpose, terms, and conditions of the grant is executed with the municipality.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED -

1. **Compliance Requirement**: Grant funds can be expended for a variety of purposes as provided for in the authorizing legislation and as specified in the grant agreement.
   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.

2. **Compliance Requirement:** The facilities and services provided by the grant must be available for use of the general public.
   Suggested Audit Procedures: Determine whether the facilities and services provided by the grant are available for the use of the general public.

B. ELIGIBILITY -

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

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

Compliance Requirement: The appropriation or allocation for a grant to a municipality lapses if substantial, ongoing work on the project has not begun within five years of the effective date of the appropriation or allocation.

Suggested Audit Procedures: Examine financial records, reports, and supporting documentation to determine if substantial, ongoing work on the project has begun within five years of the effective date of the appropriation or allocation. Expenditures alone should not be a determining factor; site visits, photographic documentation, and/or interviews with contractors may be required if ongoing work is in question.

D. REPORTING REQUIREMENTS -

Compliance Requirement: The grant agreement will specify 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 –

Compliance Requirements: The grant agreement will identify 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.