

# **GENERAL COMPLIANCE REQUIREMENTS**

**PUBLIC PURPOSE COMPLIANCE REQUIREMENT:** Article IX, Section 6 of the Alaska Constitution requires all appropriations of public money or transfer of public property to accomplish a public purpose.

**Suggested Audit Procedures:** Evaluate expenditures to determine that they accomplish a public purpose.

**CIVIL RIGHTS COMPLIANCE REQUIREMENT:** Alaska Statute 18.80.200 and federal civil rights laws prohibit discrimination against a person because of race, religion, color, national origin, sex, age, physical or mental disability, marital status, change in marital status, pregnancy, or parenthood.

**Suggested Audit Procedures:**

1. Obtain representation and/or attorney letters to determine whether any civil rights suits have been adjudicated or are pending.
2. During the fiscal year for each program, determine the:
  - a) Number of complaints filed with federal, state and/or local agencies responsible for ensuring nondiscrimination.
  - b) Status of unresolved complaints or investigations.
  - c) Actions taken on resolved complaints or completed investigations.

**MINIMUM WAGES COMPLIANCE REQUIREMENT:** Alaska Statute 23.10.065 requires employers to meet minimum wage requirements.

**Suggested Audit Procedure:** Review payroll records for compliance.

**WORKERS' COMPENSATION COMPLIANCE REQUIREMENT:** As required by AS 23.30, recipients of state financial assistance and their contractors shall provide and maintain workers' compensation insurance.

**Suggested Audit Procedures:**

1. Examine project records to determine whether workers' compensation insurance was provided as required.
2. Determine whether any Department of Labor & Workforce Development actions regarding insufficiency of workers' compensation are proposed or pending.
3. Examine insurance policy to determine whether it provides Alaska benefits for employees hired in Alaska.

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**PREVAILING WAGES COMPLIANCE REQUIREMENT:** Alaska Statute 36.05.010 requires certain projects meet the provisions of AS 36 Public Contracts. To the extent that such provisions apply to the project that is the subject of an assistance agreement, the recipient shall pay the current prevailing rates of wage to employees.

**Suggested Audit Procedures:**

1. Identify the programs involving construction activities.
2. Review construction contracts and subcontracts and determine whether they contain provisions requiring the payment of prevailing wages.
3. For the selected construction contracts and subcontracts, determine whether the audited entity immediately notified the Alaska Department of Labor & Workforce Development under AS 36.05.035 of the:
  - a) Amount and effective date of the contract
  - b) Identity of the contractor and all subcontractors
  - c) Site or sites of construction
  - d) Project description

**CONTRACTORS' BONDS COMPLIANCE REQUIREMENTS:** Alaska Statute 36.25.010 specifies that except as provided in AS 44.33.300, before a contract exceeds \$100,000 for the construction, alteration, or repair of a public building; or public work of the state or political subdivision of the state is awarded, the contractor shall furnish performance and payment bonds.

**Suggested Audit Procedures:**

1. Review the recipient's system designed to ensure that contractors meet bonding requirements.
2. Review project records for evidence that contractors met bonding requirements.

**RETENTION AND INSPECTION OF RECORDS COMPLIANCE REQUIREMENTS:** A recipient of state financial assistance shall maintain and make available records of expenditure for those funds. As a minimum, the expenditure records shall be maintained until audits required under 2 AAC 45.010 are completed and noncompliance findings are resolved.

**Suggested Audit Procedure:** Determine whether prior audit recommendations were resolved and if not; determine that pertinent records are still available for inspection.

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**POLITICAL ACTIVITY COMPLIANCE REQUIREMENT:** Alaska Statute 37.05.321 states grant funds may not be used for influencing legislative action. A grant or earnings from a grant made under AS 37.05.315 - .317 (grants to municipalities, grants to named recipients, and grants to unincorporated communities), may not be used for the purpose of influencing legislative actions; or for travel in connection with influencing legislative action unless pursuant to a specific request from a legislator or legislative committee.

## **Suggested Audit Procedures:**

1. Test the expenditures and related records for indications of lobbying activities, publications, or other materials intended for influencing legislation, or similar type costs.
2. Test whether the above costs, if any exist, are charged directly or indirectly to state-assisted programs.
3. Test the personnel and payroll records, and identify persons whose responsibilities or activities include political activity.

**RESPONSIBILITY FOR THIRD PARTIES COMPLIANCE REQUIREMENT:** Per 2 AAC 45.010, a recipient of state financial assistance that disburses financial assistance to a third party(s) in an amount equal to or greater than the audit threshold is required to ensure that the third party(s) complies with audit requirements. The recipient entity must also ensure that appropriate corrective action is taken within six months after disclosure of a third party's noncompliance with state statute or regulation, or financial assistance agreement.

## **Suggested Audit Procedures:**

1. Determine whether the recipient entity has established a system for notifying third parties of their responsibilities, and that the system is being used.
2. Determine that the recipient entity has established a system to ensure third party compliance.
3. Determine whether the recipient entity has established a system to ensure that appropriate corrective action is taken within six months after a third party's noncompliance is disclosed.

**AUDIT REQUIREMENTS COMPLIANCE REQUIREMENT:** Per 2 AAC 45.010, recipients of state financial assistance that meet the audit threshold are required to submit an audit to the single audit coordinator's office. See section 2 of this *Guide*, Requirements - State Single Audit and Major Program Thresholds.

**Suggested Audit Procedure:** Refer to information in the "Audit Guide" section of this publication.