

DCCED PROGRAM 1 – CAPITAL PROJECT MATCHING GRANTS – DESIGNATED LEGISLATIVE

I. PROGRAM OBJECTIVES

This grant program provides assistance to municipalities and unincorporated communities in acquiring capital projects while requiring a match contribution from the grant recipient. Capital project matching grants made to municipalities are authorized by AS 37.06.010; those made to unincorporated communities are authorized by AS 37.06.020.

II. PROGRAM PROCEDURES

By October 1 of each fiscal year, eligible entities submit a listing of prioritized capital projects to the department for inclusion in the capital budget submitted by the office of management and budget to the Legislature. Funds for projects are appropriated by the Legislature.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED -

1. **Compliance Requirement:** Grant funds are to be expended for capital projects specified in the grant agreement.

Suggested Audit Procedures: 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:** No more than 10 percent of the total amount of a grant for land acquisition, or planning, design, construction or repair of a facility may be used for administrative expenses. No more than 5 percent of the total amount of a grant for equipment or equipment repairs may be used for administrative expenses. AS 37.06.010(e) and AS 37.06.020(f).

Suggested Audit Procedures: Review the grant agreement to identify the amount of administrative cost allowed. Examine the financial records and supporting documents to verify that the amount expended for administrative costs did not exceed the amount allowed under the terms of the grant agreement.

B. ELIGIBILITY -

The auditor is not expected to perform tests over recipient eligibility.

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

Compliance Requirement: Under this program, eligible entities are required to provide matching funds for a portion of the capital project. The grant agreement will specify the types and amount of local matching share required in accordance with AS 37.06.030.

Suggested Audit Procedures: Review the grant agreement to identify the types and amounts of match required and review the grantee's accounting and other records to verify the type and amount of the match claimed was provided and allowable.

D. REPORTING REQUIREMENTS -

Compliance Requirement: The grant agreement will specify the schedule by which periodic progress and financial reports are to be submitted.

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 Requirement:** Site control must be demonstrated for capital projects, facilities, or other forms of property that are built, acquired, or used in capital projects.

Suggested Audit Procedures: Review documentation maintained by the grantee in support of site control for the capital project, facility or other form of property, and verify that the documents demonstrate adequate site control to allow the grant activities.

2. **Compliance Requirement:** The grant agreement will specify any special provisions or requirements to which the grantee must 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.