

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 8672

1309 SCRA HB 608 1309

SENATE AMENDMENT

By C&RA Committee

To: _____ SENATE BILL No. _____

To: Committee Substitute HOUSE BILL No. 608 (FIN) am

PAGE: 3 LINE: 5

*Sec.3

A.S. 37.05.315 is amended by inserting ~~a~~ new sections (e)⁺ and renumbering the existing sections (e) + (f) and the following sections accordingly:

(e) If a ^{an} ~~municipality~~, unincorporated community or non profit organization proposes to enter any contract for which more than \$ 100,000 of grant monies covered by this section would be obligated, the ~~municipality~~, unincorporated community or non profit corporation shall comply with the competitive bid requirements set out in A.S. 35.15.030.

(f) If a municipality proposes to enter any contract for which more than \$100,000 of grant monies covered by this section would be obligated, the municipality shall comply with the competitive bid requirements set out in AS 35.15.030, unless it has adopted a construction procedures ordinance that provides for competitive bid and award of contract procedures.

58-2067
1694-23

TELEGRAM

Kil

ALASCOM, INC.
PHONE: 236-6442
JUNEAU, AK 99802

02031 ANCHORAGE ALASKA 138 04-06 847A AST

PMS SENATOR DON GILMAN

JUNEAU AK

0500

ON BEHALF OF THE COOK INLET NATIVE ASSOCIATION AND OTHER
NONPROFIT ASSOCIATIONS WHO RECEIVE GRANT OR CONTRACT MONIES
FROM THE STATE OF ALASKA, WE WOULD LIKE TO EXPRESS OUR STRONG
SUPPORT OF HB608. THE STATE OF ALASKA DESPERATELY NEEDS TO
ESTABLISH THE UNIFORM ADMINISTRATIVE PROCEDURE FOR GRANT AND
CONTRACTS WITH NONPROFIT ORGANIZATIONS SIMILIAR TO OURS. IF
THIS IS NOT ACCOMPLISHED, WE FEEL THAT MANY NONPROFITS WILL BE
UNABLE TO PROVIDE PROGRAMS AND SERVICES UNDER THE QUOTE NEW
FEDERALISM PROGRAMS UNQUOTE BEING PROPOSED BY THE REAGAN
ADMINISTRATION. AS IT STANDS NOW, ALMOST ALL SEGMENTS OF THE
STATE BUREAUCRACY HAVE THEIR OWN ADMINISTRATIVE PROCEDURES
WHICH MAKES IT VERY DIFFICULT FOR US TO EFFECTIVELY ADMINISTER
CONTRACTS WHICH HAVE DIFFERENT AND SOMETIMES CONFLICTING
ADMINISTRATIVE COSTS PRINCIPLES, ETC.

YOUR EARLIEST AND FAVORABLE CONSIDERATION OF THIS BILL WILL BE
GREATLY APPRECIATED.

SINCERELY YOURS,

MAX DOLCHOK, EXECUTIVE DIRECTOR

COOK INLET NATIVE ASSOCIATION

STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

JUNEAU, ALASKA 99811

March 30, 1982

TO: Senator Arliss Sturgulewski
Chairman
Legislative Budget and Audit Committee

THRU: Gerald L. Wilkerson, CPA *GLW*
Legislative Auditor
Division of Legislative Audit

FROM: *MRJ* Merle R. Jenson, CPA
Deputy Legislative Auditor
Division of Legislative Audit

SUBJECT: Discussion of Pre-Audit Procedures
Regarding Non-Profit Organizations

During a recent discussion we had, I mentioned the desirability of a pre-audit function of non-profit organizations prior to release of State grant/contract monies to such entities.

At that time I was unaware of CS'B 608(Fin) am (see attachment) that basically does just that. In addition to requiring an annual certification of administrative systems [see subsection a(1)(G)] this bill also provides for the organization under subsection (a)(2) to request the Department of Administration to examine their administrative and fiscal procedures.

Though it is essential that all recipients of State monies provide the proper accountability to the public, too many regulations for small entities could create high overhead costs. Consequently the size of the grants or the recipients might be used as a "measure" in determining who will be required to follow all regulations and who should be required to follow only those deemed essential.

Such pre-audit reviews should be conducted by the cognizant department's internal auditors or the State's Internal Auditor.

Attachments

STANDARDS FOR GRANTEE FINANCIAL MANAGEMENT SYSTEMS

1. This attachment prescribes standards for financial management systems of grant-supported activities of State and local governments. Federal grantor agencies shall not impose additional standards on grantees unless specifically provided for in other Attachments to this circular. However, grantor agencies are encouraged to make suggestions and assist the grantees in establishing or improving financial management systems when such assistance is needed or requested.

2. Grantee financial management systems shall provide for:

a. Accurate, current, and complete disclosure of the financial results of each grant program in accordance with Federal reporting requirements. When a Federal grantor agency requires reporting on an accrual basis and the grantee's accounting records are not kept on that basis, the grantee should develop such information through an analysis of the documentation on hand or on the basis of best estimates.

b. Records which identify adequately the source and application of funds for grant-supported activities. These records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balance, assets, liabilities, outlays, and income.

c. Effective control over and accountability for all funds, property, and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

d. Comparison of actual with budgeted amounts for each grant. Also, relation of financial information with performance or productivity data, including the production of unit cost information whenever appropriate and required by the grantor agency.

e. Procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement by the grantee, whenever funds are advanced by the Federal Govern-

September 13, 1974

ment. When advances are made by a letter-of-credit method, the grantee shall make drawdowns from the U.S. Treasury through his commercial bank as close as possible to the time of making the disbursements.

f. Procedures for determining the allowability and allocability of costs in accordance with the provisions of FMC 74-4.

g. Accounting records which are supported by source documentation.

h. Audits to be made by the grantee or at his direction to determine, at a minimum, the fiscal integrity of financial transactions and reports, and the compliance with laws, regulations, and administrative requirements. The grantee will schedule such audits with reasonable frequency, usually annually, but not less frequently than once every two years, considering the nature, size, and complexity of the activity.

i. A systematic method to assure timely and appropriate resolution of audit findings and recommendations.

3. Grantees shall require subgrantees (recipients of grants which are passed through by the grantee) to adopt all of the standards in paragraph 2 above.

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CSHR 608 (State Affairs)
 Title Establishing uniform administrative procedures for grants/ non-profit org
 Requested by State Affairs Committee Date 2/24

II. FISCAL DETAIL
 Agency Affected Department of Public Safety
 Program Category Affected Administration of Justice
 BRU, Program, Or Subprogram(s) Affected Council on Domestic Violence
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

IV. DATE 3/5/82 PREPARED BY Betsy W. McGuire/Exec. Dir.
 AGENCY Dept. of Public Safety
 PHONE 465-4356
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

BWMC

Kie Place for
Amendment - **1** to
AB 608

AS 37.05.315 is amended by adding a new subsection

~~Political subdivision~~ ^{NOR}

If a municipality expends grant monies for construction and repairs, or the purchase of and contracts for supplies, materials, equipment and contractual services, the municipality shall comply with AS 37.05.230.

~~HB 516~~
~~AB 156~~