

PROGRAM 2 - SUPPLEMENTAL HOUSING DEVELOPMENT GRANTS PROGRAM ALASKA HOUSING FINANCE CORPORATION

I. PROGRAM OBJECTIVES

This program is designed to provide state funds to supplement residential housing projects funded by the U.S. Department of Housing and Urban Development. Grant monies are to be used for sewer and water, access road construction, electrical distribution to the housing site and/or energy efficient design features in homes.

II. PROGRAM PROCEDURES

Grant funds under the program are only made available to Regional Housing Authorities organized pursuant to AS 18.55.995 - 997. A grant agreement is executed upon demonstration by the housing authority that its project has been approved in its Indian Housing Plan (IHP) by the U.S. Department of Housing and Urban Development.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED -

1. **Compliance Requirement:** Funds are only to be used for the cost of on-site sewer and water facilities, road construction to project sites, extension of electrical distribution facilities to individual residences, and energy efficient design features in homes. AS 18.55.998(a) and 15 AAC 154.300-154.320

Suggested Audit Procedure: Test financial and related records and determine the purposes for which the funds were expended.

2. **Compliance Requirement:** No part of the grant may be used for administrative or other costs of a regional housing authority whether the costs are directly associated with the construction or general costs of the authority. AS 18.55.998(c) and 15 AAC 154.300 and 154.320

Suggested Audit Procedure: Test financial and related records and determine that no grant funds were expended for administrative or other general costs of the housing authority.

3. **Compliance Requirement:** All interest earned on grant funds must be returned to Alaska Housing Finance Corporation (AHFC) upon completion of the project. 15 AAC 154.040 (6)

Suggested Audit Procedures: Review financial and related records, and if appropriate, any previous audit reports, to determine interest accrued on grant funds to date; and verify that all interest earned on grant funds have been paid back to AHFC.

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4. **Compliance Requirement:** Grants may not exceed 20 percent of the U.S. Department of Housing and Urban Development total development cost per unit in effect at the time the grant was made. AS 18.55.998(b)

Suggested Audit Procedures:

- Review grant and project documents, determine the applicable total development cost per unit; and
- Verify the 20 percent limit was not exceeded.

5. **Compliance Requirement:** Grant funds may not be used to retire or repay obligations or debts of the grant recipients. AS 18.55.988(b)

Suggested Audit Procedure: Review financial and related records and verify no grant monies were used to repay or retire debts or obligations of the housing authority.

B. ELIGIBILITY -

The auditor is not expected to verify eligibility.

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

There is no matching, level of effort, or earmarking requirements which the grant recipient is required to make.

D. REPORTING REQUIREMENTS -

Compliance Requirement: The grant recipient is to provide the department regular, periodic reports of the disposition of the grant money. 15 AAC 154.040 (4)

Suggested Audit Procedures:

- Review the grant agreement and determine the reporting requirements;
- Examine copies of reports and determine completeness, accuracy and timeliness of submission in accordance with the grant agreement; and
- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS -

Compliance Requirement: There are no special compliance requirements.

Suggested Audit Procedures: There are no special suggested audit procedures.