

Byron Mallott  
Lieutenant Governor  
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Juneau, Alaska 99811  
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**OFFICE OF THE LIEUTENANT GOVERNOR  
ALASKA**

**MEMORANDUM**

**TO:** Megan Collie  
Department of Administration

**FROM:** Scott Meriwether, Office of the Lieutenant Governor   
465.4081

**DATE:** February 13, 2017

**RE:** Filed Permanent Regulations: Department of Administration

Department of Administration update to regulations re: single-audit standard and grant administration (2 AAC 45.010; 2 AAC 45.070; 2 AAC 45.090(7))

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Attorney General File: JU2016200929

Regulation Filed: 2/13/2017

Effective Date: 4/1/2017

Print: 221, April 2017

cc with enclosures: Linda Miller, Department of Law  
Judy Herndon, LexisNexis

ORDER ADOPTING CHANGES TO REGULATIONS  
OF THE DEPARTMENT OF ADMINISTRATION

The attached 3 pages of regulations, dealing with 2 AAC 45, grant administration as it relates specifically to audit requirements, are adopted and certified to be a correct copy of the regulation changes that the Department of Administration adopts under the authority of AS 37.05.020 and after compliance with the Administrative Procedure Act (AS 44.62), specifically including notice under AS 44.62.190 and 44.62.200 and opportunity for public comment under AS 44.62.210.

This action is not expected to require an increased appropriation.

In considering public comments, the Department of Administration paid special attention to the cost to private persons of the regulatory action being taken.

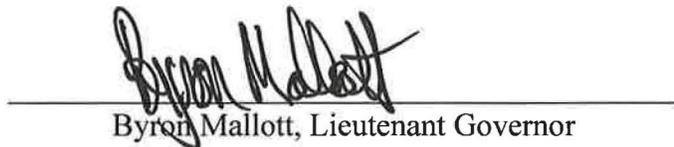
The regulation changes adopted under this order take effect on April 1, 2017, as provided in AS 44.62.180.

Date: 4/18/17

  
\_\_\_\_\_  
Sheldon Fisher, Commissioner

FILING CERTIFICATION

I, Byron Mallott, Lieutenant Governor for the State of Alaska, certify that on February 13, 2017, at 9:50 A.m., I filed the attached regulations according to the provisions of AS 44.62.040 - 44.62.120.

  
\_\_\_\_\_  
Byron Mallott, Lieutenant Governor

Effective: April 1, 2017.

Register: 221, April 2017

**Title 2. Administration.**

**Chapter 45. Grant Administration.**

The introductory language of

2 AAC 45.010(b) is amended to read:

(b) An entity that expends financial assistance with a cumulative total of \$750,000 [\$500,000] or more during the entity's fiscal year shall submit an audit report for the audit period to the department, by 22

2 AAC 45.010(c)(2) is amended to read:

(2) generally accepted auditing standards, as accepted by the American Institute of Certified Public Accountants in the *Codification of Statements on Auditing Standards*, 2016

revision [IN EFFECT AS OF JANUARY 2013] for the type of entity being audited, adopted by reference;

2 AAC 45.010(c)(3) is amended to read:

(3) *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, May 2016 revision [2013 REVISION], prepared by the department, adopted by reference.

2 AAC 45.010(j) is amended to read:

(j) a third party that receives financial assistance through an entity, in an amount described in this section, is subject to the applicable requirements of this section. An entity that disburses \$750,000 [\$500,000] or more in state financial assistance to a third party shall ensure

that the third party complies with the requirements of this section. That entity shall also ensure that appropriate corrective action is taken within six months after a third party's noncompliance with an applicable state statute or regulation, or financial assistance agreement, is disclosed.

(Eff. 8/1/85, Register 95; am 6/29/90, Register 114; am 7/1/98, Register 146; am 3/31/2008, Register 185; am 8/1/2008, Register 187; am 1/1/2011, Register 196; 9/25/2013, Register 207; 4/1/2017, Register 221)

Authority: AS 37.05.020 AS 37.05.190

2 AAC 45.070 is amended to read:

**2 AAC 45.070. Applicability.** (a) The amended version of this chapter, effective April 1, 2017 [SEPTEMBER 25, 2013], applies to an audit for an audit period that begins or continues after April 1, 2017 [SEPTEMBER 25, 2013].

(b) An entity may agree to be subject to the provisions of the amended version of this chapter, effective April 1, 2017 [SEPTEMBER 25, 2013], for an audit period beginning on or after July 1, 2016 [2012] and ending on or before March 31, 2017 [SEPTEMBER 24, 2013], by voluntarily submitting

- (1) an audit that complies with those provisions; or
- (2) a statement that an audit is not required under the provisions of 2 AAC

45.010(b).

(Eff. 7/1/98, Register 146; am 3/31/2008, Register 185; am 8/1/2008, Register 187; am 1/1/2011, Register 196; 9/25/2013, Register 207; 4/1/2017, Register 221)

Register 221, April 2017 ADMINISTRATION

**Authority:** AS 37.05.020 AS 37.05.190

2 AAC 45.090(7) is amended to read:

(7) "significant deficiencies" has the meaning given in the Codification of

Statements of Auditing Standards [SECTION 5.11a OF THE GOVERNMENT AUDITING

STANDARDS] adopted by reference in 2 AAC 45.010(c).

(Eff. 7/1/98, Register 146; am 3/31/2008, Register 185; am 8/1/2008; 4/1/2017, Register

221)

**Authority:** AS 37.05.020 AS 37.05.190

# MEMORANDUM

State of Alaska  
Department of Law

**To:** Hon. Byron Mallott  
Lieutenant Governor

**Date:** February 8, 2017

**File No.:** JU2016200929

**Tel. No.:** 465-3600

**From:** Steven C. Weaver   
Sr. Assistant Attorney General  
and Assistant Regulations Attorney  
Legislation and Regulations Section

**Re:** Department of Administration update  
to regulations re: single-audit standard  
and grant administration (2 AAC  
45.010; 2 AAC 45.070; 2 AAC  
45.090(7))

We have reviewed the attached regulations from the Department of Administration against the statutory standards of the Administrative Procedure Act. I have reviewed this project under a specific delegation dated February 8, 2017 from the Regulations Attorney. The regulations update the requirements relating to the single-audit standard and grant administration.

We find no legal problems. This memorandum constitutes the written statement of approval under AS 44.62.060(b) and (c) that authorizes your office to file the attached regulations. We note that the adoption order sets a special effective date of April 1, 2017 for these regulations.

The December 13, 2016 public notice and the January 18, 2017 adoption order both state that this action is not expected to require an increased appropriation. Therefore, a fiscal note under AS 44.62.195 is not required.

Hon. Byron Mallott, Lieutenant Governor  
Our file: JU2016200929

February 8, 2017  
Page 2

We have made some technical corrections to the regulations, in accordance with AS 44.62.125 and as shown on the attached copy.

SCW

cc w/enc: (via email)

Hon. Sheldon Fisher, Commissioner  
Department of Administration

Megan Collie, Special Assistant and Regulations Contact  
Department of Administration

Scot Arehart, Director  
Division of Finance  
Department of Administration

Colleen Campbell  
Division of Finance  
Department of Administration

Marjorie L. Vandor, Chief Assistant Attorney General  
Labor and State Affairs Section

# MEMORANDUM

## State of Alaska Department of Law

**TO:** Hon. Byron Mallott  
Lieutenant Governor

**DATE:** February 8, 2017

**FILE NO.:** JU2016200929

**TELEPHONE NO.:** 465-3600

**FROM:** Susan R. Pollard *SRP*  
Chief Assistant Attorney General  
and Regulations Attorney  
Legislation/Regulations Section

**SUBJECT:** Specific delegation of authority  
regarding regulations review on  
Department of Administration  
regulations re: single-audit  
standard and grant administration  
(2 AAC 45.010; 2 AAC 45.070;  
2 AAC 45.090(7))

By this memorandum, I am delegating my authority as Regulations Attorney under AS 44.62 to Assistant Attorney General Steven C. Weaver for the above-referenced regulations project. Under this delegation of authority, Steven Weaver has my full authority under AS 44.62 to conduct the legal review under AS 44.62 and take necessary actions on this regulations project.

If you have questions, please let me know.

SCW

cc w/enc:

Scott C. Meriwether, AAC Coordinator  
Office of the Lieutenant Governor

Steven C. Weaver  
Sr. Assistant Attorney General and Assistant Regulations Attorney  
Legislation/Regulations Section

**NOTICE OF PROPOSED CHANGES ON SINGLE AUDIT REQUIREMENTS  
IN THE REGULATIONS OF THE DEPARTMENT OF ADMINISTRATION**

The Department of Administration proposes to adopt regulation changes in 2 AAC 45 of the Alaska Administrative Code, dealing with grant administration as it relates specifically to audit requirements, including the following:

**2 AAC 45.010. Audit requirements, is proposed to be changed as follows:**

Increase the required audit threshold for entities receiving financial assistance during their fiscal year, and for third parties receiving financial assistance through entities, from \$500,000 to \$750,000; reference the current versions of the generally accepted auditing standards, and the State of Alaska Audit Guide and Compliance Supplement for Single Audits.

**2 AAC 45.070. Applicability,** is proposed to be changed to reflect the applicability of the changes included under this notice.

**2 AAC 45.090. Definitions,** is proposed to be changed to define the term “significant deficiencies” used in 2 AAC 45.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to Colleen Campbell at the Department of Administration, Division of Finance, P.O. Box 110204, Juneau, AK 99811-0204. The comments must be received not later than 4:30 p.m. on January 13, 2017.

You may submit written questions relevant to the proposed action to Colleen Campbell by e-mail at [single.audit@alaska.gov](mailto:single.audit@alaska.gov); or by mail at the Department of Administration, Division of Finance, P.O. Box 110204, Juneau, AK 99811-0204. The questions must be received at least 10 days before the end of the public comment period. The Department of Administration will aggregate its response to substantially similar questions and make the questions and responses available on the agency website, <http://doa.alaska.gov/dof/ssa/index.html>.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact Colleen Campbell (primary contact) at [single.audit@alaska.gov](mailto:single.audit@alaska.gov), at (907) 465-4666, or Katina Holmberg (alternate contact) at (907) 465-5595, not later than January 6, 2017 to ensure that any necessary accommodation can be provided.

A copy of the proposed regulation changes is available on the Alaska Online Public Notice System and by contacting Colleen Campbell (primary contact) at e-mail address [single.audit@alaska.gov](mailto:single.audit@alaska.gov) and phone number (907) 465-4666, or Katina Holmberg (alternate contact) at the address above, at (907) 465-5595, or go to the Division of Finance’s website at <http://doa.alaska.gov/dof/ssa/index.html>.

A copy of material proposed for adoption by reference may be viewed at the agency's office at 333 Willoughby Avenue, 10<sup>th</sup> Floor, Juneau, AK.

After the public comment period ends, the Department of Administration will either adopt the proposed regulation changes or other provisions dealing with the same subject, without further notice, or decide to take no action. The language of the final regulation may be different from that of the proposed regulation. You should comment during the time allowed if your interests could be affected. Written comments received are public records and are subject to public inspection.

**Statutory authority:** AS 37.05.020

**Statutes being implemented, interpreted, or made specific:** AS 37.05.020; AS 37.05.190

**Fiscal information:** The proposed regulation changes are not expected to require an increased appropriation.

Date: December 1, 2016

  
\_\_\_\_\_  
Scot Arehart, Director  
Division of Finance  
Department of Administration

**ADDITIONAL REGULATION NOTICE INFORMATION**

(AS 44.62.190(d))

- 1. Adopting agency: **Department of Administration**
- 2. General subject of regulation: **Grant Administration/Audit Requirements**
- 3. Citation of regulation (may be grouped): **2 AAC 45.010, 2 AAC 45.070, 2 AAC 45.090**
- 4. Department of Law file number: **JU2016200929**

5. Reason for the proposed action:
- Compliance with federal law or action (identify): \_\_\_\_\_
  - Compliance with new or changed state statute
  - Compliance with federal or state court decision (identify): \_\_\_\_\_
  - Development of program standards
  - Other (identify): **Updating professional standards**

6. Appropriation/Allocation: **Centralized Administrative Services/Finance**

7. Estimated annual cost to comply with the proposed action to:
- A private person: \$0
  - Another state agency: \$0
  - A municipality: \$0

8. Cost of implementation to the state agency and available funding (in thousands of dollars):

	Initial Year FY17	Subsequent Years
Operating Cost	\$0	\$0
Capital Cost	\$0	\$0
1002 Federal receipts	\$0	\$0
1003 General fund match	\$0	\$0
1004 General fund	\$0	\$0
1005 General fund/program	\$0	\$0
Other (identify)	\$0	\$0

9. The name of the contact person for the regulation:  
Name: Colleen Campbell  
Title: Statewide Single Audit Coordinator  
Address: P.O. Box 110204, Juneau, AK 99811-0204  
Telephone: (907) 465-4666  
E-mail address: single.audit@alaska.gov

10. The origin of the proposed action:
- Staff of state agency
  - Federal government
  - General public
  - Petition for regulation change
  - Other (identify): \_\_\_\_\_

11. Date: **December 1, 2016** Prepared by:   
Name and Title (printed): Scot Arehart, Director  
Telephone: (907) 465-3435

AFFIDAVIT OF NOTICE OF PROPOSED REGULATION  
AND FURNISHING OF ADDITIONAL INFORMATION

I, Colleen Campbell, Accountant IV, of Department of Administration, Division of Finance, being sworn, state the following:

As required by AS 44.62.190, notice of the proposed adoption of changes to 2 AAC 45, grant administration as it relates specifically to audit requirements, has been given by being

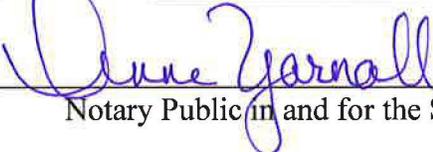
- (1) published in a newspaper or trade publication;
- (2) furnished to interested persons;
- (3) furnished to appropriate state officials;
- (4) furnished to the Department of Law, along with a copy of the proposed regulation;
- (5) furnished electronically to incumbent State of Alaska legislators;
- (6) furnished to the Legislative Affairs Agency, Division of Legal and Research Services;
- (7) posted on the Alaska Online Public Notice System as required by AS 44.62.175(a)(1) and (b) and 44.62.190(a)(1);
- (8) furnished electronically, along with a copy of the proposed regulation, to the Legislative Affairs Agency, the chair of the State Affairs Committee of the Alaska Senate and House of Representatives, the Administrative Regulation Review Committee, and the legislative council.

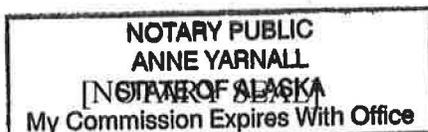
As required by AS 44.62.190, additional regulation notice information regarding the proposed adoption of the regulation changes described above has been furnished to interested persons and those in (5) and (6) of the list above. The additional regulation notice information also has been posted on the Alaska Online Public Notice System.

Date: 1/9/2017

  
\_\_\_\_\_  
Colleen Campbell, Accountant IV

Subscribed and sworn to before me at Juneau, Alaska on 1-9-2017.

  
\_\_\_\_\_  
Notary Public in and for the State of Alaska



AFFIDAVIT OF AGENCY RECORD OF PUBLIC COMMENT

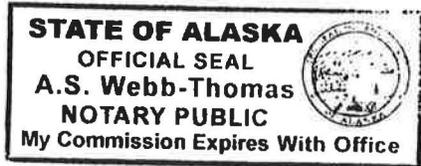
I, Colleen Campbell, Accountant IV for the Department of Administration, being duly sworn, state the following:

In compliance with AS 44.62.215, the Department of Administration has kept a record of its use or rejection of factual or other substantive information that was submitted in writing as public comment and that was relevant to the accuracy, coverage, or other aspect of the Department of Administration regulation on 2 AAC 45 Grant Administration.

Date: 1/19/2017

Colleen Campbell  
Colleen Campbell, Accountant IV

Subscribed and sworn to before me at Juneau, Alaska on 1/19/2017  
(date)



[NOTARY SEAL]

A.S. Webb-Thomas  
Notary Public in and for the State of Alaska

387275  
0001396880  
\$378.50

# AFFIDAVIT OF PUBLICATION

STATE OF ALASKA  
THIRD JUDICIAL DISTRICT

Emma Dunlap  
being first duly sworn on oath deposes and  
says that he/she is a representative of the  
Alaska Dispatch News, a daily newspaper.  
That said newspaper has been approved  
by the Third Judicial Court, Anchorage,  
Alaska, and it now and has been published  
in the English language continually as a  
daily newspaper in Anchorage, Alaska, and  
it is now and during all said time was  
printed in an office maintained at the  
aforesaid place of publication of said  
newspaper. That the annexed is a copy of  
an advertisement as it was published in  
regular issues (and not in supplemental  
form) of said newspaper on

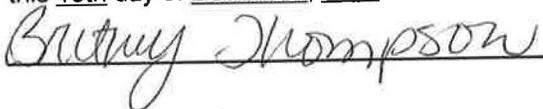
December 13, 2016

and that such newspaper was regularly  
distributed to its subscribers during all of  
said period. That the full amount of the fee  
charged for the foregoing publication is not  
in excess of the rate charged private  
individuals.

Signed



Subscribed and sworn to before me  
this 13th day of December, 2016



Notary Public in and for  
The State of Alaska.  
Third Division  
Anchorage, Alaska  
MY COMMISSION EXPIRES

2/23/2019  
Notary Public  
BRITNEY L. THOMPSON  
State of Alaska  
My Commission Expires Feb 23, 2019

## NOTICE OF PROPOSED CHANGES ON SINGLE AUDIT REQUIREMENTS IN THE REGULATIONS OF THE DEPARTMENT OF ADMINISTRATION

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Increase the required audit threshold for entities receiving financial assistance during their fiscal year, and for third parties receiving financial assistance through entities, from \$500,000 to \$750,000; reference the current versions of the generally accepted auditing standards, and the State of Alaska Audit Guide and Compliance Supplement for Single Audits.

2 AAC 45.070. **Applicability**, is proposed to be changed to reflect the applicability of the changes included under this notice.

2 AAC 45.090. **Definitions**, is proposed to be changed to define the term "significant deficiencies" used in 2 AAC 45.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to Colleen Campbell at the Department of Administration, Division of Finance, P.O. Box 110204, Juneau, AK 99811-0204. The comments must be received not later than 4:30 p.m. on January 13, 2017.

You may submit written questions relevant to the proposed action to Colleen Campbell by e-mail at [single.audit@alaska.gov](mailto:single.audit@alaska.gov); or by mail at the Department of Administration, Division of Finance, P.O. Box 110204, Juneau, AK 99811-0204. The questions must be received at least 10 days before the end of the public comment period. The Department of Administration will aggregate its response to substantially similar questions and make the questions and responses available on the agency website, <http://doa.alaska.gov/dof/ssa/index.html>.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact Colleen Campbell (primary contact) at [single.audit@alaska.gov](mailto:single.audit@alaska.gov), at (907) 465-4666, or Katina Holmberg (alternate contact) at (907) 465-5595, not later than January 6, 2017 to ensure that any necessary accommodation can be provided.

A copy of the proposed regulation changes is available on the Alaska Online Public Notice System and by contacting Colleen Campbell (primary contact) at e-mail address [single.audit@alaska.gov](mailto:single.audit@alaska.gov) and phone number (907) 465-4666, or Katina Holmberg (alternate contact) at the address above, at (907) 465-5595, or go to the Division of Finance's website at <http://doa.alaska.gov/dof/ssa/index.html>.

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**Statutory authority:** AS 37.05.020

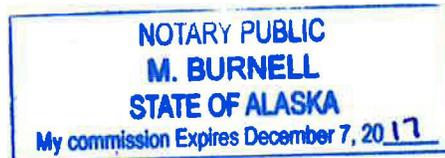
**Statutes being implemented, interpreted, or made specific:**  
AS 37.05.020; AS 37.05.190

**Fiscal Information:** The proposed regulation changes are not expected to require an increased appropriation.

Date: December 1, 2016

Scot Arehart, Director  
Division of Finance  
Department of Administration

Published: December 13, 2016



AFFP  
NOTICE OF PROPOSED CHANGES

### Affidavit of Publication

UNITED STATES OF AMERICA }  
STATE OF ALASKA } SS.  
FOURTH DISTRICT }

38662

Before me, the undersigned, a notary public, this day personally appeared Tameka Ambersley, who, being first duly sworn, according to law, says that he/she is an Advertising Clerk of the Fairbanks Daily News-Miner, a newspaper (i) published in newspaper format, (ii) distributed daily more than 50 weeks per year, (iii) with a total circulation of more than 500 and more than 10% of the population of the Fourth Judicial District, (iv) holding a second class mailing permit from the United States Postal Service, (v) not published primarily to distribute advertising, and (vi) not intended for a particular professional or occupational group. The advertisement which is attached is a true copy of the advertisement published in said paper on the following day(s):

NOTICE OF PROPOSED CHANGES ON SINGLE AUDIT REQUIREMENTS IN THE REGULATIONS OF THE DEPARTMENT OF ADMINISTRATION

The Department of Administration proposes to adopt regulation changes in 2 AAC 45 of the Alaska Administrative Code, dealing with grant administration as it relates specifically to audit requirements, including the following:

December 13, 2016

2 AAC 45.010. Audit requirements, is proposed to be changed as follows:

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and that the rate charged thereon is not excess of the rate charged private individuals, with the usual discounts.

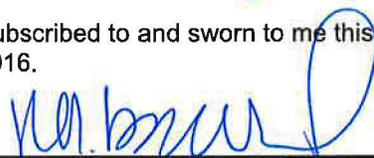
2 AAC 45.070. Applicability, is proposed to be changed to reflect the applicability of the changes included under this notice.

  
\_\_\_\_\_  
Advertising Clerk

2 AAC 45.090. Definitions, is proposed to be changed to define the term "significant deficiencies" used in 2 AAC 45.

Subscribed to and sworn to me this 13th day of December 2016.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to Colleen Campbell at the Department of Administration, Division of Finance, P.O. Box 110204, Juneau, AK 99811-0204. The comments must be received not later than 4:30 p.m. on January 13, 2017.

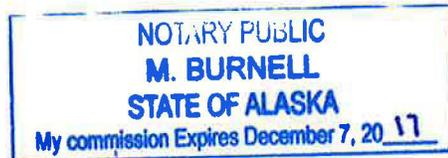
  
\_\_\_\_\_  
Marena Burnell, Notary Public in and for the State Alaska.

My commission expires: December 07, 2017

You may submit written questions relevant to the proposed action to Colleen Campbell by e-mail at [single.audit@alaska.gov](mailto:single.audit@alaska.gov); or by mail at the Department of Administration, Division of Finance, P.O. Box 110204, Juneau, AK 99811-0204. The questions must be received at least 10 days before the end of the public comment period. The Department of Administration will aggregate its response to substantially similar questions and make the questions and responses available on the agency website, <http://doa.alaska>.

00004404 00038662

LG ADV ACCT COLLEEN CAMPBELL  
ST OF AK/DOA DIV OF FINANCE  
PO BOX 110204  
JUNEAU, AK 99811



[gov/dof/ssa/index.html](http://gov/dof/ssa/index.html) .

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact Colleen Campbell (primary contact) at [single.audit@alaska.gov](mailto:single.audit@alaska.gov), at (907) 465-4666, or Katina Holmberg (alternate contact) at (907) 465-5595, not later than January 6, 2017 to ensure that any necessary accommodation can be provided.

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A copy of material proposed for adoption by reference may be viewed at the agency's office at 333 Willoughby Avenue, 10th Floor, Juneau, AK.

After the public comment period ends, the Department of Administration will either adopt the proposed regulation changes or other provisions dealing with the same subject, without further notice, or decide to take no action. The language of the final regulation may be different from that of the proposed regulation. You should comment during the time allowed if your interests could be affected. Written comments received are public records and are subject to public inspection.

Statutory authority: AS 37.05.020

Statutes being implemented, interpreted, or made specific: AS 37.05.020; AS 37.05.190

Fiscal information: The proposed regulation changes are not expected to require an increased appropriation.

Date: December 1, 2016  
Scot Arehart, Director  
Division of Finance  
Department of Administration  
Publish: December 13, 2016