

## DEPARTMENT OF NATURAL RESOURCES

### GENERAL COMPLIANCE SUPPLEMENT

370

#### I. DNR GRANTS PROGRAM OBJECTIVES

To provide financial assistance, under the various assistance programs for those construction, maintenance, acquisition of property (or equipment) and miscellaneous assistance programs established by Wisconsin Statute, regulated by Department of Natural Resources Administrative Code. These programs generally share common requirements for documentation and eligibility, allowing similar categories of costs and disallowing the same categories of costs, regardless of the specifics of individual programs.

**IMPORTANT NOTE It is the Department of Natural Resources position that all grant receipts (and related expenditure activities) either from State or Federal Awards, or passed through the Department of Natural Resources should be included in the Grantee's "Schedule of Federal and State Awards" regardless of whether they are included in the Single Audit testing. Further, it should be the auditee that is preparing such schedules, not the auditor performing the Single Audit.**

#### II. GENERAL GRANTS PROGRAM DESCRIPTION

The Wisconsin Department of Natural Resources provides funds to counties, municipalities, and various non-profit organizations as authorized by statute and interpreted by DNR Administrative Code. For more specific details for the grant programs please refer to the appropriate Wisconsin Statute and Department of Natural Resources Administrative Code listed in appendixes G and H. Most of these grants are on a reimbursement basis, that is, that they require the grantee to have spent the money (for eligible purposes) prior to reimbursement. However, some grants provide for advance payment of a portion of the grant award, prior to the grantee expending any resources.

##### A. REPORTING REQUIREMENTS

###### 1. Compliance Requirements

- a. The appropriate forms must be used for:
  - Reimbursement Claims.
  - Backup Worksheets to the Reimbursement Claims.
- b. Appropriate statutory and administrative code limitations must be adhered to.
- c. Appropriate, **complete** documentation, including invoice copies, check copies (or acceptable alternate proof of payment method), time sheets, equipment use logs etc. Supporting documentation

must be retained by the grantee for the period provided for by Department Administrative Code, Statute and the grant agreement.

- d. Payment requests must be submitted within the period prescribed in the grant agreement.

#### Suggested Audit Procedures

- Verify the grantee's compliance the provisions in the grant contract with the Department.
- Review recipient's procedures for separating allowable from unallowable costs and evaluate for adequacy. Specifics regarding allowable/unallowable costs may be found in the administrative code governing that program.
- Review the recipient' procedure for assigning eligible costs to the appropriate grant.
- Review the recipient's procedures for excluding ineligible costs from claims. Ineligible costs include, but may not be limited to;
  - Indirect costs, **unless specifically provided for by code or statute**
  - Idle time on equipment
  - Salary costs other than salary (or hourly wages) and fringe benefits.
  - Ceremonial or publicity expenses
  - Bonus payments
  - Charges in excess of the lowest bid without approved change orders
  - Interest expense
  - Charges incurred contrary to policies and practices of the applicant
  - Damage Judgments of fines
  - Costs of discounts not taken
  - Fees paid to legal counsel
  - Any costs declared ineligible by State Statute or Administrative Code
  - Any costs already claimed for another grant.

Specifics regarding eligible/ineligible costs may be found in the administrative code governing that program.

- Review financial records and determine the total allowable project costs, amount of matching funds, and state share.
- Compare with the state share limits established in the project agreement.

- Review the procedures for preparing claim forms and evaluate for adequacy, including timely submittal.
- Review claim forms for completeness and accuracy.
- Trace data to the supporting documentation, i.e., worksheets, ledgers, etc.
- Review adjustments made to the general ledger amounts affecting the project and evaluate for propriety.

## B. SPECIAL TESTS AND PROVISIONS

### 1. Compliance Requirements

**All recipients must comply with applicable state statutes for bidding and awarding public construction contracts.** Any non-compliance with state or federal laws must be reported. The following is a summary of Wisconsin State Statutes that apply to State Bidding Law. Remember that state-bidding law **must** be adhered to whether there are grant funds involved or not.

- For counties: All public construction, the estimated cost of which exceeds \$25,000, requires bidding with award to the lowest responsible bidder. \$5,000 to \$25,000 requires a class 1 notice before a contractor is selected. (s. 59.52(29), Stats.)
- For cities: All public construction, the estimated cost of which exceeds \$15,000, requires bidding with award to the lowest responsible bidder. \$5,000 to \$15,000 requires a class 1 notice before a contractor is selected. (s. 62.15, Stats.) Cities of the first class may be an exception. (s. 62.03 (1), Stats.)
- For villages: Same as cities. (s. 61.55, Stats.)
- For towns: Same as cities and villages. (s. 60.47, Stats.)
- For public inland lake protection and rehabilitation districts: (s. 33.22, stats.)
- The above statutes also describe conditions under which bidding requirements may be waived because of public emergency or because the work is done directly by the recipient (force account).

**(Note. Any public emergency should be documented, i.e. reasonable explanation of the nature of the emergency, reasonableness of the necessity for taking "emergency action", thus not requiring the project to be bid.)**

- If the grant involves federal funds, federal procurement guidelines **must** be adhered to, including, but not limited to equipment and supplies purchases.

#### Suggested Audit Procedures

- a. Review the recipient's system for compliance with statutory requirements for the award of public contracts. Any non-compliance with statutory requirements must be reported.
- b. Review activity for selected awards and determine whether there is adherence to prescribed procedures.
- c. Review the recipient's procedures for adherence to its own internal purchasing or contracting rules.

## 2. Compliance Requirement

Some grants allow a sponsor to receive matching funds from other sources. Other funding sources may include, but are not limited to, the Federal Land and Conservation fund, the U. S. Army Corps of Engineers, U. S. Economic Development Administration, etc. The combined grant funding may not exceed the total project cost.

However, some grants specifically prohibit using grants from other sources (especially other State of Wisconsin sources) as match for grants. It is important to check statute and code for match limitations.

Grantees are not permitted to use costs as match to more than one grant award.

#### Suggested Audit Procedures

If the sponsor receives a matching federal grant, the recipient must comply with applicable federal procurement laws/regulations, other federal laws and regulations pertaining to the specific federal grant program.

- Confirm total grant receipts do not exceed the eligible project costs or award amount(s).
- Review the grantee's procedures for assigning costs to the appropriate grant and that the same costs are not also assigned to other grants.

### 3. Compliance Requirements

Some projects require the grantee to obtain various permits before work can commence. Additionally, grantees must comply with State and Federal Laws in employment practices.

- Confirm that the grantee has procedures in place to obtain permits as required for projects being performed whether or not grant funds are involved.
- Review the grantee's procedures for compliance with State and Federal labor standards.