



REPLY TO
ATTENTION OF:

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, ALASKA
P.O. BOX 6898
JBER, ALASKA 99506-0898

Civil Project Management Branch

Date: 19 October 2018

Stephen Giesbrecht
PO BOX 329
Petersburg, AK 99833

Dear Mr. Giesbrecht,

The purpose of this letter is to provide you additional guidance and instruction on procedures for keeping books, records, documents, or other evidence pertaining to costs and expenses incurred pursuant to this Agreement. These procedures shall incorporate, and apply as appropriate, the standards for financial management systems set forth in the Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments at 32 CFR Section 33.20. In accordance with 32 C.F.R Section 33.26, the Non-Federal Sponsor (NFS) is responsible for complying with the Single Audit Act Amendment of 1996 (31 USC 7501-7507) as implemented by OMB Circular No. A-133 and Department of Defense Directive 7600.10. OMB Circular A-87 establishes the cost standards to be used.

The original Borough's share of study costs was estimated to be \$325,000.00; with 275,000 being cash contributions and \$50,000 being in-kind contributions. Due to the inclusion of four environmental sampling efforts in the feasibility phase, the study costs have changed to \$370,000; with \$270,000 cash contributions (received in full) and \$100,000 being in-kind contributions (\$32,349.11 received to date). If this amount should change again during the course of the study, we will provide documentation showing the change. Please ensure that the Borough Finance Office submits in-kind packages at least quarterly (December, March, June, September) in order to maintain accurate cost sharing data. The amount of in-kind contributions may not exceed the total non-Federal share of the study cost.

The following outlines the minimum requirements:

Records Development: The NFS must develop procedures for keeping books, logs, records, and other evidence pertaining to costs and expenses on this project not later than 60 days of the effective date of the Agreement.

Quarterly Status Report: The NFS will submit an In-Kind Credits (IKC) STATUS REPORT every 90 days. The report will state whether any in-kind credits were earned during the period, and if so, how much.

Requests for IKC: The NFS will submit an auditable package requesting earned IKC as agreed to, based on the completion of work (task or phase). The interval for submission will not exceed every six (6) months from the incurrence of the in-kind expenses/costs.

IKC Documentation Package Requirements: The documentation required from the NFS to request credit for in-kind work will include; (1) a Cover Letter, (2) Summary of Expenditures and (3) Supporting Documentation. Below is a brief description for each:

- (1) **Cover Letter** - The NFS shall provide a cover letter to accompany all requests for credit. This letter will reference the project name and applicable cost share agreement. This letter should also include the total amount of credit requested and the period of performance for the credit.
- (2) **Summary of Expenditures** - The documentation shall include a summary of expenditures that comprise the credit request. This summary can be in the form of a spreadsheet, a printout from an accounting system or other automated program. The Project Manager and NFS will document the agreed format and level of detail for the summary report. It is recommended that the summary of expenditures breaks out charges by effort (e.g. design, construction feature, labor, miscellaneous, materials, contracts, etc.)
- (3) **Supporting Documentation** - The supporting documentation should describe the work performed and provide sufficient detail to determine if the work effort represented is reasonable in scope and cost, integral to the project, and allowable per the cost share agreement. Types of acceptable documentation include, but are not limited to: contract authorization forms, contracts, invoices with explanations of services or materials purchased, expense logs, summary sheets, labor reports showing charges to the project, receipts, cancelled checks, approved fringe benefits and overhead rates, cost engineering estimates agreed upon by both parties during a technical review, etc. The supporting documentation should be adequate enough to validate actual cost and work product.

Document Retention: The NFS must maintain all records, including sufficient documentation (contracts, invoices, receipts, labor reports, etc) to support IKC for three (3) years after the fiscal completion of the project, in accordance with the Agreement.

If you have any questions about any of these requirements please contact me at (907) 753-5632.

Sincerely,

Amber C. Metallo
Project Manager