

**External Audit Status Report
As of May 11, 2012**

State Legislative Audit Activities

Final Reports Issued:

Potato Disease Control Program

- The final report, including the university's response, was released by the state on April 25, 2012.
- There were no findings or recommendations.
- Audit scope and objectives – see attached memo that describes the questions initiating the audit, and that became the scope and objectives for the legislative auditors throughout the audit.
- Report conclusions:
 - The seed potato project has resulted in minimal monetary returns to the State and private enterprises.
 - A total of \$3.4 million have been spent on the seed potato project from FY05 through December 2011.
 - A total of \$5.5 million in state and federal funds have been appropriated for the seed potato project.
 - Export certification funding provides a subsidy to farmers that is not expected to change over the long-term.
 - Neutral conclusions:
 - UA charges an indirect rate for overhead costs associated with RSAs and grants.
 - The Plant Pathology and Biotechnology Laboratory is the primary UA facility used for the seed project.

Work in Progress:

None

External Audit Reports & Activities

Work in Progress:

1. PERS/TRS 2010 Payroll and Personnel Systems (State Dept of Administration)
 - Draft report has been received by the university and a response is under development.

2. Sikuliaq Research Vessel (National Science Foundation OIG)

- Entrance meeting held on April 25, 2012 with NSF
 - Two reports will be issued:
 - Report on compliance with Recovery Act Requirements – final report expected September 2012
 - Report on project expenditures, overall project management, and review of contingency dollars - final report expected January 2013

Alaska State Legislature

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Representative Mike Chenault Speaker of the House

District 34

February 9, 2011

Representative Mike Hawker, Chair
Legislative Budget and Audit Committee
Room 502, State Capitol
Juneau, AK 99801

A handwritten signature in black ink, appearing to read "M. Hawker", enclosed in a circular scribble.

Dear Chair Hawker and Member of Legislative Budget and Audit:

This year more funding is being requested for the Virus Free Seed Potato project. State funding for this project started in approximately 1994 with various requests and appropriations moving from Department to Department to continue the project. To date, no obvious return to Alaska has been demonstrated by this project.

I respectfully request an audit of this project which would include answers to the following questions.

1. Provide a schedule of all funding provided by the State of Alaska for the virus free seed potato project specifically or as part of another appropriation. The schedule should identify the amount, the agency receiving the appropriation and the source of funds.
2. Identify if any funding in the Northern Plants Materials Center, the Ag Development Allocation, the Agricultural Revolving Loan Fund and the University Mat-Su Experimental Farm relates to the virus free seed potato project.
3. Identify if expenditures for this program over the last seven years were reasonable and necessary.
4. Identify if resources (i.e. facilities) of the University of Alaska were provided for this project—what and how much.
5. If other funding (grants, etc.) was obtained for this project and University of Alaska facilities were used, was there return to the University through an indirect charge or other mechanism at the approved indirect cost allocation rate.
6. Has there been any return (monetary or otherwise) to the State of Alaska from this project? Has there been any return (monetary or otherwise) to private entities benefiting from this project?
7. What is the intended outcome of this project for the State? Will there be any monetary outcome realized by State government for assisting this project or is this funding a subsidy to farmers who may wish to grow seed potatoes?
8. Are the appropriations for this project being used for essential state services? Is there a longer term cost/benefit of continued state involvement in the business of virus free seed potatoes?
9. Identify any areas that come to light during the course of the audit that would be of interest to the Legislature.

Sincerely yours,

A large, stylized handwritten signature in black ink, appearing to read "Mike Chenault".

Representative Mike Chenault
Speaker of the House