

## LIMITED-SCOPE AUDIT PROPOSAL

### Reviewing the Department of Commerce's Process for Scoring Building a Stronger Economy (BASE) 1.0 Grant Applications

#### SOURCE

This audit proposal was requested by Senator Mike Thompson, Senator Caryn Tyson, Representative Shannon Francis, Representative Jason Probst, Representative Sean Tarwater, and Representative Kristey Williams.

#### BACKGROUND

The Building a Stronger Economy (BASE) grant program used federal pandemic funds (ARPA funds) to address infrastructure and economic development projects that were delayed or slowed due to the COVID-19 pandemic. Local governments, economic development organizations, community foundations, certain nonprofit organizations, and private developers and commercial property owners were eligible to apply for the funding. The funding could be used for economic development projects such as developing new business parks or renovating existing business parks; signage and parking facilities; industrial office and residential space; and infrastructure to support business development and expansion such as railroad, water, wastewater, and other utilities as well as cybersecurity investments.

The Department of Commerce was responsible for evaluating all applications to the BASE grant program. As of September 2024, the department oversaw 2 rounds of funding. The first round of funding, called the BASE 1.0 grant, closed in February 2022. The department reported receiving over 440 BASE 1.0 grant applications in total. Department staff assigned a score to each of these applications using a rubric that captures project features such as scope, need for funding, and business plans. These scores were then used to award funding to certain applicants.

Legislators have expressed concern with the department's application scoring process and how applicants were considered for the grant funding.

#### AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

*The audit objective listed below is the question we would answer through our audit work. The steps listed for the objective convey the type of work we would do. These may change as we learn more about the audit issues.*

**Objective 1: How did the Department of Commerce evaluate applications to the BASE 1.0 grant program?** Our tentative methodology would include the following:

- Work with Department of Commerce staff and review BASE grant documentation to understand and describe the process the department used to score all BASE 1.0 grant applications, including the rubric that was used and what score an application needed to receive to be awarded funding.

- Work with Department of Commerce staff to compile a list of all BASE 1.0 grant applications, including those that were approved for funding and those that were denied. Review the applications and completed scoring rubrics from the department for each of these applications to create a listing of the following information for each application:
  - name of company/applicant
  - county they're located in
  - date they applied
  - purpose of the project
  - amount of grant funding they requested
  - final score they received from the department
  - amount of grant funding they ultimately received (if any) and when they received it

### **ESTIMATED RESOURCES**

We estimate this audit would require **100 staff hours** to complete.