



**DENALI COMMISSION
OFFICE OF INSPECTOR GENERAL
ANCHORAGE, ALASKA 99501**

INSPECTOR GENERAL

MEMORANDUM

DATE: June 24, 2019

TO: Jason Hoke
Federal Co-Chair, Denali Commission

Alicia Siira
Executive Director Associated General Contractors of Alaska

Julie E. Kitka
President, Alaska Federation of Natives

Nils Andreassen
Executive Director, Alaska Municipal League

Dr. Jim Johnsen
President, University of Alaska

Vince Beltrami
Executive President, Alaska State AFL-CIO

Dr. Tamika L. Ledbetter
Commissioner Governor's Office, State of Alaska

FROM: Dana Rooney
Interim Inspector General

SUBJECT: Denali Commission's Compliance with Fiscal Year 2018 Improper Payments Requirements (Report No. 2019.02)

I am pleased to transmit the attached report containing the results of our annual review of the Denali Commission's (Commission) compliance with the *Improper Payments Elimination and Recovery Act of 2010* and the *Improper Payments Elimination and Recovery Improvement Act of 2012*.

Under a contract monitored by the Office of Inspector General, SB & Company, LLC (SBC) performed a review to determine the Commission's compliance with Fiscal Year (FY)

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2018 reporting on improper payments. SBC concluded the Commission is in compliance and has met the requirements that are applicable to the agency for FY 2018.

As required by the Improper Payments Information Act of 2002, we are also issuing a copy of this memorandum to the U.S. Senate Committee on Homeland Security and Governmental Affairs; U.S. House Committee on Oversight and Government Reform; Comptroller General of the United States; and the Office of Management and Budget Controller.

We appreciate the courtesy and cooperation extended to my contractors during the risk assessment.

Attachment

cc:

The Honorable Ronald Johnson
Chairman
Committee on Homeland Security and Government Affairs
Dirksen Senate Office Building, SD-340
Washington, DC 20510
Haley Friedman: Email haley_friedman@hsgac.senate.gov

The Honorable Claire C. McCaskill
Ranking Member
Committee on Homeland Security and Government Affairs
Hart Senate Office Building, SH-442
Washington, DC 20510
Rina Patel: Email rina_patel@hsgac.senate.gov

The Honorable Trey Gowdy
Chairman
Committee on Oversight and Government Reform
Rayburn House Office Building, 2157
Washington, DC 20515
Drew Baney: Email Drew.Baney@mail.house.gov

The Honorable Elijah Cummings
Ranking Member
Committee on Oversight and Government Reform
Rayburn House Office Building, 2471
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Office of Management and Budget (OMB)

Email to Heather Pajak and Mary Ellen Mitchell at Hpajak@omb.eop.gov and Mary.E.Mitchell@omb.eop.gov

Comptroller General (i.e., GAO)

The Honorable Eugene L. Dodaro
Comptroller General
Government Accountability Office
441 G Street, NW
Washington, DC 20548

Beryl H. (Berri) Davis; Director, Financial Management and Assurance
US Government Accountability Office, 441 G Street, NW, Room 5490, Washington, DC 20548
Email to Beryl Davis and Michelle Philpott at DavisBH@gao.gov and PhilpottL@gao.gov

Corrine Eilo
Chief Financial Officer
Denali Commission



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To the Office of Inspector General and the Denali Commission

This memorandum provides our conclusion on the Denali Commission's (the Commission's) compliance with Fiscal Year (FY) 2018 reporting on improper payments. We conducted this review to comply with the requirements of the Improper Payments Information Act of 2002 (IPIA) - as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA)-and Office of Management and Budget (OMB) Circular A-123, Appendix C, "Requirements for Effective Estimation and Remediation of Improper Payments," as amended.¹

Our objective was to review the accuracy and completeness of the Commission's reporting, as well as agency performance in reducing and recapturing improper payments, if applicable. Overall, we found that the Commission met the applicable OMB criteria for compliance with IPIA for FY 2018.²

According to OMB Circular A-123, as amended, significant improper payments are defined as gross annual improper payments in the program exceeding (1) both 1.5 percent of program outlays and \$10 million of all program or activity payments made during the fiscal year reported; or (2) \$ 100 million (regardless of the improper payment percentage of total program outlays).³ All agencies are required to institute a systematic method of reviewing all programs and identify programs susceptible to significant improper payments.

This systematic method could be a quantitative evaluation based on a statistical sample, or a qualitative method, such as a risk assessment.⁴ The Commission performed a risk assessment in FY 2018 that did not identify any programs as susceptible to significant improper payments. Based upon the results of their risk assessment, the Commission was not required to publish improper payment estimates, programmatic corrective action plans, annual reduction targets, and/or gross improper payment rates in their FY 2018 agency financial report. The Commission submitted its agency financial report to OMB on November 15, 2018 and OMB has approved the Commission's FY 2018 agency financial report in June of 2019 and the agency published the report immediately thereafter.⁵

¹ Going forward, unless otherwise indicated, the term IPIA will denote IPIA, as amended by IPERA and IPERIA throughout this memorandum.

² OMB Circular 123, Appendix C, as amended by OMB Memorandum M-15-02 (Oct. 20, 2014), Part 11.A.3. On June 26, 2018, OMB published Memorandum M-18-20, which provided updated guidance to M-15-02 and went into effect starting in FY 2018. However, for our review of FY 2018 improper payments, the guidelines of M-15-02 were still both active and applicable.

³ OMB Circular 123, Appendix C, as amended by OMB Memorandum M-15-02 (Oct. 20, 2014), Part I.A.9.-Step I a.: Definition.



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We performed this review under authority of the Inspector General Act of 1978, as amended (5 U.S.C. App). This review was conducted in accordance with the *Quality Standards for Inspection and Evaluation* (January 2012) issued by the Council of the Inspectors General on Integrity and Efficiency. We would like to thank the Commission staff for their cooperation during our review. Please contact me at (907) 271-1542 if you would like to discuss the results of this review.

⁴ Id., Part I.A.9.-Step I.b.: Systematic Method.

⁵ OMB Circular 123, Appendix C, as amended by OMB Memorandum M-15-02 (Oct. 20, 2014), requires inspectors general to review the agency's annual agency financial report - and accompanying materials - to determine if the agency is in compliance under IPERA, as amended. This review should be completed within 180 days of publication of the agency financial report.