

Denali Commission

OFFICE OF INSPECTOR GENERAL
SEMIANNUAL REPORT TO CONGRESS



MARCH 2021

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Table of Contents

Message from the Inspector General	3
Executive Summary	4
Denali Commission Overview	5
Oversight Areas	5
Energy	5
Village Infrastructure Protection	5
Special Projects and Initiatives	6
Completed Works	8
Reporting Requirements	13
Statistical Data	15

FROM THE INSPECTOR GENERAL

I am pleased to present the Denali Commission Office of Inspector General's (OIG's) *Semiannual Report to Congress* for the period of October 1, 2020 through March 31, 2021.

This is the third semiannual report issued by my office during my tenure as Inspector General. This report summarizes work that was initiated or completed during this semiannual period on critical Commission activities.

One year has passed since the Denali Commission, like all other federal agencies and private businesses, had to adjust operations and look to technology to continue to carry out its mission of providing critical utilities, infrastructure, energy and economic support throughout Alaska. In a time of "social distancing," the Commission has still worked to increase inter-agency cooperation and support to serve Alaska's remote communities.

Despite the uncertainty caused by COVID-19, I remain firmly committed to executing the OIG's mission of promoting the integrity, efficiency and effectiveness of the Commission's programs and operations and to reporting my findings and recommendations to Congress and the Commission. The work conducted during this semi-annual period focused upon ensuring that no operational or internal control issues exist that would impede the Commission in the delivery of its mission. This report, submitted pursuant to the Inspector General Act, outlines our work and activities for the six-month period ending March 31, 2021. During this period, we issued audit reports, prepared the CyberScope report for the Commission's compliance with the Federal Information Security Modernization Act, and reported on management challenges for fiscal year 2021. I look forward to collaborating with Commission management to assist the Commission in addressing the challenges it faces in its unique and important mission of providing job training and other economic development services in rural communities with a specific focus on promoting rural development, and providing power generation, transition facilities, modern communication systems, water and sewer systems and other infrastructure needs in rural Alaska. I appreciate the significant support that I continue to receive from the Commissioners and staff, as well as Congress. I look forward to continuing to work closely with all the Commission's stakeholders to accomplish this mission.



RODERICK H. FILLINGER
Inspector General

EXECUTIVE SUMMARY

This Semiannual Report, submitted pursuant to Section 5 of the Inspector General Act of 1978, as amended, summarizes the major activities and accomplishments of the Denali Commission Office of Inspector General (OIG) for the period October 1, 2020, through March 31, 2021.

Audits and Reviews Highlights

During this reporting period, the OIG performed five audits and reviews including: (1) Top Management and Performance Challenges Facing the Commission in Fiscal Year (FY) 2021; (2) Audit of the Commission's Fiscal Year 2020 Financial Statements; (3) Audit of the Commission's FY 2020 compliance with FISMA.; (4) Audit of the Commission's Purchase Card Program and Risk Assessment; and (5) Review of the Commission's Compliance with IPERA.

On November 6, 2020, the OIG issued a letter on the top management and performance challenges facing the Denali Commission in FY 2021. The OIG identified four challenges: Management through the COVID-19 pandemic; Compliance with records management; Continued implementation of the strategic plan to fulfill the Commission's statutory purpose with static funding that is a significant decrease from prior years; and Human capital challenges, including the appointment of a new Federal Co-Chair.

SB & Company, LLC (SBC), under contract with the OIG, completed an audit of the Commission's FY 2020 financial statements in accordance with applicable standards. SBC issued an unmodified opinion on the financial statements. SBC also performed an Audit of the Commission's FY 2020 compliance with FISMA; Audit of the Commission's Purchase Card Program and Risk Assessment; and Evaluation of the Commission's Compliance with IPERA. The FISMA report was not made public.

Looking Ahead

The OIG plans to start and/or complete the following audits and reviews during the second half of FY 2021:

1. Audit of the Commission's FY 2021 financial statements;
2. Audit of the Commission's FY 2021 compliance with FISMA;
3. Audit of Purchase Card Program and Risk Assessment;
4. Review of Commission's compliance with section 522 of the Consolidated Appropriations Act, 2005, as amended, for privacy and data protection procedures and policies;
5. Completion of the 2020 FY Audit of the Commission's compliance with the DATA Act;
6. Audit of the Commission's compliance with the DATA Act for fiscal year 2021;
7. Review of FY2020 improper payment reporting; and
8. Complete a Quality Assessment Review of the Inspector General's Office.

DENALI COMMISSION OVERVIEW

The Denali Commission Act of 1998 (Denali Commission Act) established the Denali Commission (Commission) to deliver a wide range of services to Alaska in the most cost-effective manner by reducing administrative and overhead costs. As part of the Denali Commission Act, the Commission provides job training and other economic development services in rural communities, with a focus on promoting development in rural Alaska and on providing key infrastructure, such as power generation and transition facilities, modern communication systems, and water and sewer systems.

Since its enactment, the Denali Commission Act has been updated several times, expanding the Commission's mission to include the planning and construction of health care facilities and the establishment of the Denali Access System Program to support surface transportation infrastructure and waterfront transportation projects.

The Commission oversees three program areas: Energy, Village Infrastructure Protection, and Special Projects and Initiatives.

OVERSIGHT AREAS

Energy

Recognizing the critical role energy plays in the quality of life and economic development of Alaska's rural communities, the Commission has made energy its primary infrastructure theme since it was created in 1998.

The Energy Program funds the design and construction of replacement bulk fuel storage facilities, upgrades to community power-generation and distribution systems (including interties), and energy efficiency related initiatives. The Commission primarily works with the Alaska Energy Authority, Alaska Village Electric Cooperative, and Alaska Native Tribal Health Consortium to prioritize projects based on need. Other key partners include the U.S. Department of Energy – Office of Indian Energy, U.S. Department of Agriculture – Rural Utilities Service, State of Alaska Department of Commerce, Community and Economic Development, and Rural Alaska Fuel Services.

Village Infrastructure Protection

In 2015, the White House directed the Commission to establish a Village Infrastructure Protection (VIP) Program to assist rural Alaskan communities that are threatened by erosion, flooding, and permafrost degradation. The goal of the VIP program is to mitigate the impact of these threats with respect to safety, health, and the protection of infrastructure.

The basis for the program is Government Accountability Office (GAO) Report 09-551 that was published in 2009. The report identified 31 rural Alaska communities that face significant damage to infrastructure, and/or relocation due to these threats. The state of Alaska has also done significant research on this problem through an Immediate Action Workgroup established by Governor Sarah Palin in 2007.

One of the villages threatened is Newtok, where permafrost degradation acting in combination with Ninglick River currents has resulted in a riverbank erosion rate of 70 feet per year. Numerous homes,

the school, and the airport will be destroyed within the next 2 to 4 years. Relocating the community to safer ground is the only alternative. Relocation to Mertarvik continues. Newtok received CARES Act funding being used to build additional new homes in Mertarvik.

The Commission's primary program partners are the following:

- Alaska Native Tribal Health Consortium, which is providing overall project management services for the Newtok Relocation Program;
- U.S. Army Corp of Engineers and University of Alaska Fairbanks, which are developing an overall Statewide Threat Assessment; and
- Several agencies within the state of Alaska, such as the Alaska Energy Authority and the Division of Community and Regional Affairs.

Special Projects and Initiatives

In 2012, a provision was added to the Commission's authorizing statute that allows other federal agencies to transfer funds to the Commission whereupon the funds, regardless of source, become no-year funds available until expended. In recent years, the Commission has used this tool to assist other agencies to implement projects and initiatives in rural Alaska that are complementary to the Commission's mission. Examples include funds from the Centers for Disease Control and Prevention for rural Alaska health and drinking water related studies.

The Commission's approved FY 2019 work plan included up to \$250,000 of discretionary funds for health care, housing, and/or work force development projects. In 2019, \$224,000 was awarded for a medical center in Petersburg. The Commission's FY2020 work plan did not include this funding. The Commission's FY2021 work plan includes up to \$750,000 for health facilities.

Organization

The Commission is organized into three direct components and a fourth program: Programs, General Counsel, and Financial Operations. The fourth, Grant Solutions, is based on agreements entered into under Programs and Financial Operations with other Federal agencies.

OFFICE OF THE INSPECTOR GENERAL

The Office of Inspector General (OIG) is an independent office established under the provisions of the Inspector General Act of 1978, as amended (hereafter referred to as the IG Act). The IG Act, as amended by the Inspector General Empowerment Act of 2016, safeguards OIG access to agency information and mandates additional reporting to increase transparent in government operations.

The IG Act gives the Inspector General the authority and responsibility to:

1. Conduct and supervise audits and investigations of the Commission's programs and operations
2. Provide leadership, coordination, and recommend policies for activities designed to promote economy, efficiency, and effectiveness in the administration of the Commission's programs and operations; and prevent and detect fraud, waste, and abuse of the Commission's programs and operations; and
3. Keep the Federal Co-Chair, Commissioners, and Congress fully and currently informed about problems and deficiencies, as well as the necessity for corrective actions.

During the semi-annual period, the OIG completed three audits and one review.

COMPLETED WORKS

Top Management and Performance Challenges Facing the Denali Commission in FY 2021

On November 6, 2020, the OIG issued their report on the top management and performance challenges facing the Commission in FY 2021. The OIG identified four challenges: (1) *Management through the COVID-19 pandemic*; (2) *Compliance with records management*; (3) *Continued implementation of the strategic plan to fulfill the Commission's statutory purpose with static funding that is a significant decrease from prior years*; and (4) *Human capital challenges, including the appointment of a new Federal Co-Chair*.

Management through the COVID-19 pandemic. COVID-19 has caused unprecedented global social and economic disruption including one of the largest global recessions since the Great Depression. Further, COVID-19 has caused many businesses to close and lay off employees. As a result, the Federal government has taken significant action to provide economic stimulus to both businesses and citizens. The management of these stimulus programs may provide the Denali Commission opportunities to expand its grant base and provide Alaskans the stimulus funds needed. The challenge for the Denali Commission is the execution of these grant agreements while the Federal government continues to reevaluate the rules and regulations related to the grants. The Denali Commission also is challenged by reopening its operations in a safe manner to protect both employees and guests of the Denali Commission.

Compliance with records management. Federal agencies are required by law (the Federal Records Act of 1950, as amended and codified in Title 44 of the United States Code) to adequately document their missions, functions, policies, procedures, decisions, and transactions. They are required to preserve historically valuable records, and it is a crime to destroy records without approval from the National Archives. In 2011, Presidential Memorandum, Managing Government Records, requires Federal agencies to manage both permanent and temporary email records in an electronic format by the end of 2016. By the end of 2019, agencies were directed by the Office of Management and Budget (OMB) and U.S. National Archives and Records Administration (NARA) jointly issued Memorandum M-12-18, Managing Government Records Directive, to manage all permanent records in an electronic format. NARA is set to stop accepting paper-based records at the end of 2022, and OMB has issued M-19-21, Transition to Electronic Records, to help agencies meet this deadline. It is imperative that a complete oversight or governance process be established to include documenting agency policies, procedures and processes that address all hard copy and electronic records proper handling. The Commission needs to ensure various roles (e.g., system administrator); related authorities and capabilities are properly assigned, documented, managed, and monitored. Such written documentation should be maintained as this need will become increasingly critical as additional functionality and enhancements are added to any system developed. Further, although, certain types of records do not have legal retention requirements; the policies, processes and procedures should, clearly and specifically, instruct staff on the proper handling. Further, management should periodically verify that such policies are being followed.

Continued implementation of the strategic plan to fulfill the Commission’s statutory purpose with static funding that is a significant decrease from prior years. In the November 2018 Top Management and Performance Challenges report, OIG identified that the Commission faced significant decreases in funding levels which could not support grant making on the scale and pace done in the past while still fulfilling its statutory purpose. Although the Commission has taken steps to address this challenge, it continues to face difficulties in its current role as primarily a grant-making agency in the current budget environment. In March 2015, GAO identified several strategies that the Commission could utilize in its approach to fulfilling its statutory purpose in the future while facing significantly limited budgetary resources. Among the recommended strategies were limiting grants, focusing on facilitation, and maintaining existing infrastructure. In late FY 2017, the Commission developed a strategic plan for FY 2018–2022 to address this GAO recommendation by stating that it will pivot away from its traditional grant-making role to more of a maintenance and facilitator role. However, during FY 2019, the Commission moved away from this strategy and returned to its core grant funding model. To address this challenge the Commission should consider returning to its strategic plan. In either model, this remains a significant challenge for the Commission until the original strategic plan is fully implemented and the impact of these changes can be determined, or a new plan is created.

Human capital challenges, including the appointment of a new Federal Co-Chair. This challenge is one that confronts most Federal agencies throughout the government. It relates to management’s stewardship of its human capital, as well as the leadership of the Federal Co-Chair. During fiscal year 2018, the Secretary of Commerce appointed an interim Federal co-chair, John Torgerson. In April of 2019, a new full-time Federal co-chair, Jason Hoke, was appointed. Mr. Hoke subsequently resigned in April of 2020. This abrupt departure was mitigated from the perspective of continuity in leadership by Mr. Torgerson’s appointment in April 2020 to serve again as the interim Federal Co-Chair. Mr. Torgerson’s familiarity with the Commission, its mission, and its operations brought some much-needed stability and continuity to the Commission. Nevertheless, the absence of a permanent Federal Co-Chair remains a challenge for the Commission’s management. With respect to the Commission’s staff, a significant management challenge is maintaining a safe, well-trained, sustainable workforce while facing challenges in retirement eligibilities, succession planning and training, and diversity. The Commission relies heavily upon subject matter experts in its programmatic areas. Employees are its most valuable asset, and the safety and well-being of the workforce is brought to the forefront during times like the current COVID-19 pandemic. Because of the heavy reliance on these subject matter experts, the Commission’s success depends greatly on its ability to recruit, retain, and develop a capable workforce, including the ability to effectively have knowledge transfer upon the departure of a key individual. Because it is a very small agency, changes in the workforce—such as the retirement or departure of key management and senior employees—must be accounted and planned for to avoid undue disruption to Commission functions. Planning ensures that institutional knowledge and experience are passed on, and the reliance upon subject matter experts remains a strength, rather than a liability for the Commission. Workforce training and development takes a significant investment of resources, but ensures that the Commission maintains a vital, experienced staff. Adjustments made by the interim Federal Co-Chair to address accomplishment of mission objectives while protecting employee health is exemplified by temporary adjustments made to Commission policies related to telework and personal cell phones and the provision of internet. These adjustments resulted in no decrease in accomplishment of the Commission’s work plan during fiscal year 2020. In addition to the ongoing challenge of workforce development and retention, the Commission must continually assess and deploy strategies to reach its goals for diversity and inclusion. It can do this

by using various tools that identify and reduce potential barriers to diversity and inclusion, enhance outreach, evaluate the Commission's recruitment data to use when vacancies do arise, and heighten awareness through programs that support diversity and inclusion.

Audit of the Denali Commission's Fiscal Year (FY) 2020 Financial Statements

SBC completed an audit of the Commission's FY 2020 financial statements in accordance with the Government Accountability Office's Government Auditing Standards and Office of Management and Budget (OMB) Bulletin 17-03, *Audit Requirements for Federal Financial Statements*. SBC issued an unmodified opinion on the financial statements.

Audit of the Denali Commission's FY 2020 Compliance with FISMA

SBC completed an audit of the Commission's FY 2020 compliance with the Federal Information Security Modernization Act (FISMA) in accordance with OMB Memorandum 18-02, *Fiscal Year 2018-2019 Guidance on Federal Information Security and Privacy Management Requirements*.

Audit and Risk assessment of the Denali Commission's Charge Card Program

SBC completed an audit and risk assessment of the Commission's charge card program in accordance with the *Government Charge Card Abuse and Prevention Act of 2012* noting no issues.

Review of the Denali Commission's Compliance with FY 2019 Improper Payments Requirements

SBC performed a review of the Commission's compliance with FY2019 improper payments requirements in accordance with the requirements of the Improper Payments Information Act of 2002 as amended by the Improper Payments Elimination and Recovery Act of 2010 and the Improper Payments Elimination and Recovery Improvement Act of 2012 and the Office of Management and Budget Circular A-123, Appendix C, "Requirements for Effective Estimation and Remediation of Improper Payments," as amended, noting no issues.

PLANNED AUDITS AND MANAGEMENT REVIEWS

Audit of the Denali Commission's Fiscal Year (FY) 2021 Financial Statements

SBC will perform an audit of the Commission's FY 2021 financial statements in accordance with the Government Accountability Office's Government Auditing Standards and Office of Management and Budget (OMB) Bulletin 17-03, *Audit Requirements for Federal Financial Statements*.

Audit of the Denali Commission's FY 2021 Compliance with FISMA

SBC will perform an audit of the Commission's FY 2021 compliance with the Federal Information Security Modernization Act (FISMA) in accordance with OMB Memorandum 18-02, *Fiscal Year 2018-2019 Guidance on Federal Information Security and Privacy Management Requirements*.

Audit and Risk assessment of the Denali Commission's Charge Card Program

SBC is currently performing the audit and risk assessment of the Commission's charge card program in accordance with the *Government Charge Card Abuse and Prevention Act of 2012*.

Review of Commission's compliance with section 522 of the Consolidated Appropriations Act, 2005, as amended, for privacy and data protection procedures and policies

SBC is currently performing the review of the Commission's privacy and data protection policies and procedures in accordance with Consolidated Appropriations Act of 2005, Division H, Section 522, as amended; Section 208 of the 2002 E-Government Act; Privacy Act of 1974; and OMB memoranda.

Audit of the Commission's compliance with the DATA Act

SBC is currently performing an audit of the Commission's data submission for compliance with the DATA Act. The objective is to gain an understanding of the processes, systems and controls which Commission's has implemented or plans to implement to report financial and payment data in accordance with the requirements of the DATA Act. SBC will use the Audit Plan prepared for the IG community to execute the IG reviews required by the DATA Act.

Review of the Denali Commission's Compliance with FY 2020 Improper Payments Requirements

SBC is currently performing the review of the Commission's compliance with FY2020 improper payments requirements in accordance with the requirements of the Improper Payments Information Act of 2002 as amended by the Improper Payments Elimination and Recovery Act of 2010 and the Improper Payments Elimination and Recovery Improvement Act of 2012 and the Office of Management and Budget Circular A-123, Appendix C, "Requirements for Effective Estimation and Remediation of Improper Payments," as amended.

Performance of the Quality Assessment Review of the Inspector General's Office

SBC is currently performing a Quality Assessment Review of the Inspector General's Office in accordance with Section 11 of the Inspector General Act of 1978 (5 U.S.C. app. 3.), as amended.

INVESTIGATIONS

The Commission OIG receives and investigates allegations of fraud, waste, abuse, and misconduct within Commission programs and operations. The Commission OIG investigations can give rise to administrative, civil and criminal penalties. Based on investigations conducted, the Commission OIG issues reports that set forth the allegations and an objective description of the facts to Commission management regarding administrative and civil matters. Investigations which uncover potential criminal activity are referred to the Department of Justice. As of the end of the semiannual reporting period, the OIG has two ongoing investigations.

OIG Hotline

In order to facilitate reporting of allegations, the Commission OIG maintains a hotline (see “Contacting the Office of Inspector General”). Callers who have general questions or concerns that do not fall within the OIG’s jurisdiction are referred to other entities, such as other Commission offices, Federal agencies, Federal offices of inspectors general, and local or state governments.

During the semiannual reporting period, we received 11 hotline inquiries.

REPORT ON INSTANCES OF WHISTLEBLOWER RETALIATION

For this semiannual reporting period, the OIG found no instances of whistleblower retaliation to report.

Liaison Activities

The IG is a member of the CIGIE, which was established on October 14, 2008, pursuant to the Inspector General Reform Act of 2008. The IG also serves on the Audit, Investigations and Professional Development Committees of CIGIE. The IG attended regular meetings of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and served as an adjunct instructor for the CIGIE Training Institute’s Audit, Inspection & Evaluation Academy.

Reporting Requirements of the Inspector General Act of 1978, as Amended

The reporting requirements of the Inspector General Act of 1978, as amended, are listed in the following table along with the location of the required information. The work “None” appears where this is no data to report under a particular requirement.

Reference	Reporting Requirements	Page
Section 4(a)(2)	Review of legislation and regulations	18
Section 5(a)(1)	Significant problems, abuses, and deficiencies relating to the administration of programs and operations	None
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, or deficiencies	None
Section 5(a)(3)	Significant recommendations included in previous reports on which corrective action has not been taken (Table 1)	15
Section 5(a)(4)	Matters referred to prosecutive authorities	None
Section 5(a)(5)	Summary of instances where information was refused	None
Section 5(a)(6)	Listing of reports by subject matter (Table 2)	15
Section 5(a)(7)	Summary of significant reports	8
Section 5(a)(8)	Statistical table – Reports with questioned costs (Table 3)	16
Section 5(a)(9)	Statistical table – Recommendations that funds be put to better use (Table 4)	16
Section 5(a)(10)	Summary of each audit, inspection, and evaluation report issued before this reporting period for which no management decision was made by end of the reporting period, no establishment comment was returned within 60 days; or for those with any outstanding unimplemented recommendations, including the potential aggregate cost savings (Table 5)	17
Section 5(a)(11)	Description and explanation of significant revised management decisions	None
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees	None
Section 5(a)(13)	Information under section 804(b) of the Federal Financial Management Improvement Act of 1996	None
Section 5(a)(14)(15)(16)	Peer review activity on OIG and Peer review activity by OIG on another OIG (Appendix A)	22
Section 5(a)(17)	Statistical Table – Investigative Reports / Summary of Investigative Activity for the Reporting Period of October 1, 2020, to March 31, 2021 (Table 6)	17
Section 5(a)(18)	Description of metrics used for developing the data for the statistical table under Section 5(a)(17)	None
Section 5(a)(19)	Report on each investigation involving a senior Government employee where allegations of misconduct were substantiated	22
Section 5(a)(20)	Description of whistleblower retaliation	None
Section 5(a)(21)	Description of any attempt by establishment to interfere with the independence including budget constraints, resisted to or objected to oversight, delayed access to information	None
Section 5(a)(22)	Description of particular circumstances of each inspection, evaluation, and audit conducted that is closed and was not disclosed to the public; and investigation conducted by the Office involving a senior Government employee that is closed and was not disclosed to the public	23

First Half of FY 2021 Freedom of Information Act Requests

Activity	Total
Number of Freedom of Information Act (FOIA) Requests Received	2
Number of FOIA Requests Processed	2
Number Granted	
Number Partially Granted	
Number Not Granted	
Reasons for Denial	
No Records Available	2
Referred to Other Agencies	
Requests Denied in Full Exemption 3	
Requests Denied in Full Exemption 5	
Requests Denied in Full Exemption 7(A)	
Requests Denied in Full Exemption 7(C)	
Request Withdrawn	
Not a Proper FOIA Request	
Not an Agency Record	
Duplicate Request	
Other	
Requests for OIG Reports from Congress and Other Government Agencies	
Received	
Processed	
Number of OIG Reports/Documents Released in Response to Requests	

Investigations Statistical Highlights for this Period

Table 1. Reports from Previous Periods with Unimplemented Recommendations

Report Title	Unimplemented Recommendations
None	None

Table 2. Listing of Reports Issued

Report Number	Subject Matter	Issue Date	Report Title	Questioned Cost	Unsupported Cost	Funds Put to Better Use
2020.11	Top Management Challenges	11/6/2020	Denali Commission's FY 2021 Top Management and Performance Challenges	\$0	\$0	\$0
2020.11.2	Audit	11/6/2020	FY 2020 Financial Statements Audit	\$0	\$0	\$0
Not Publicly Available	Audit		Audit on the Commission's Compliance with FISMA	\$0	\$0	\$0
2020.12	Audit		Audit and Risk Assessment of the Denali Commission's Charge Card Program	\$0	\$0	\$0
2020.11.3	Evaluation		Review of the Denali Commission's Compliance with FY 2019 Improper Payments Requirements	\$0	\$0	\$0

Table 3. Reports with Questioned Costs

Description	Number of Reports	Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period.	0	\$0	\$0
B. Which were issued during the reporting period.	0	\$0	\$0
Subtotals (A + B)	0	\$0	\$0
C. For which a management decision was made during the reporting period.	0	\$0	\$0
i. Dollar value of disallowed costs; and	0	\$0	\$0
ii. Dollar value of costs not disallowed.	0	\$0	\$0
D. For which no management decision was made by the end of the reporting period.	0	\$0	\$0

Table 4. Recommendations That Funds Be Put to Better Use

Description	Number of Reports	Unsupported Cost
A. For which no management decision has been made by the commencement of the reporting period.	0	\$0
B. Which were issued during the reporting period.	0	\$0
Subtotals (A + B)	0	\$0
C. For which a management decision was made during the reporting period.	0	\$0
i. Dollar value of recommendations that were agreed to by management; and	0	\$0
ii. Dollar value of recommendations that were not agreed to by management.	0	\$0
D. For which no management decision has been made by the end of the reporting period.	0	\$0

Table 5. Summary of Reports for Which No Establishment Comment Was Returned within 60 Days of Providing the Report

Fiscal Year	Number of Reports with Unimplemented Recommendations	Number of Unimplemented Recommendations	Dollar Value of Aggregate Potential Cost Savings
0	0	0	\$0

Table 6. Listing of Investigative Reports/ Summary of Investigative Activity for the Reporting Period of October 1, 2020, to March 31, 2021

The data contained in this table was compiled from the OIG’s investigations records.

Investigative Caseload	Number
Cases Open at Beginning of Period	2
Cases Completed but Not Closed* at Beginning of Period	0
Cases Opened During Period	0
Cases Closed During Period	0
Cases Completed but Not Closed at End of Period	0
Open Cases at End of Period	2
Investigative Reports Issued During the Reporting Period	0

* A case is “completed” but not “closed” when the investigative work has been performed but disposition (such as corrective administrative action) is pending.

Criminal and Civil Investigative Activities	Number
Referrals for Criminal Prosecution to DOJ	0
Accepted	0
Indictments/Information	0
Arrests	0
Convictions	0
Referrals for Criminal Prosecution to State and Local Prosecuting Authorities	0
Referrals for Civil Prosecution to DOJ	0
Accepted	0
Referrals for Civil Prosecution to State and Local Prosecuting Authorities	0

The following section includes information that is required under the Inspector General Act that is not otherwise addressed in this report, along with supplemental information on select reporting topics.

Section 4(a)(2): Review of Legislation and Regulations

This section requires the Inspector General of each agency to review existing and proposed legislation and regulations relating to that agency's programs and operations. Based on this review, the Inspector General is required to make recommendations in the semiannual report concerning the impact of such legislation or regulations on (1) the economy and efficiency of the management of programs and operations administered or financed by the agency or (2) the prevention and detection of fraud and abuse in those programs and operations. This review includes legislation that could affect the Denali Commission, or the oversight work of offices of inspectors general. During this reporting period, the following legislation was monitored and reviewed for potential effect on future work conducted in oversight of the Commission:

S. 4587 – State Fix Act of 2020

Senator Graham introduced the State Fix Act of 2020 in September 2020. This bill requires the Federal Communications Commission to establish a freestanding program that expands broadband access in unserved areas and underserved areas and for unserved anchor institutions (e.g., elementary schools, libraries, and museums) by using reverse auctions. The program must be separate from any universal service program and may not base the eligibility of a funding recipient on their eligibility or ineligibility for other telecommunications programs.

The OIG is continuing to review and monitor this legislation.

S. 4422 – Connecting Minority Communities Act of 2020

Senator Wicker introduced the Connecting Minority Communities Act of 2020 in August 2020 and it was referred to the Committee on Commerce, Science and Transportation. This bill establishes the Office of Minority Broadband Initiatives, the Connecting Minority Communities Task Force, and the Connecting Minority Communities Pilot Program to facilitate, foster, and fund broadband internet access service and digital literacy in minority communities.

The OIG is continuing to review and monitor this legislation.

H.R. 7935 – Whistleblower Protection Improvement Act of 2020

Representative Maloney introduced the Whistleblower Protection Improvement Act of 2020 and it was referred to the House Committee on Oversight and Reform. This bill establishes, modifies, and expands certain whistleblower protections for federal employees, including with respect to petitions to Congress, whistleblower identity, and protected disclosures.

The OIG is continuing to review and monitor this legislation.

S. 4871 – Oversight.gov Authorization Act of 2020.

Senator Hassan introduced the Oversight.gov Authorization Act of 2020 and it was referred to the Committee on Homeland Security and Governmental Affairs. This bill directs the Council of Inspectors General on Integrity and Efficiency, an independent government entity that oversees the Offices of Inspectors General, to formally establish and maintain the oversight.gov website (which was launched in 2017) and authorizes funding through FY2030 to support the council's mission.

Specifically, the website shall (1) consolidate all public reports from each Office of Inspector General (including the Office of the Special Inspector General for Pandemic Recovery) to improve public access to any audit report, inspection report, or evaluation report made by an Office of Inspector General; and (2) include any additional resources, information, and enhancements as the council deems necessary or desirable.

The OIG is continuing to review and monitor this legislation.

S. 3591 – America's Water Infrastructure Act of 2020

Senator Barrasso introduced the America's Water Infrastructure Act of 2020. This bill modifies water resources development projects operated by the Army Corps of Engineers and clean water programs operated by the Environmental Protection Agency (EPA). It also proposes to amend the Denali Commission Act of 1998 and reauthorize the Denali Commission through 2024. The bill modifies cost share requirements for the construction and major rehabilitation of certain inland waterways navigation projects.

Additionally, the nonfederal cost share for certain projects may be reduced if a small or disadvantaged community's sustainability would be threatened without the project. Similarly, the Corps of Engineers may recommend a project without national economic development benefits if the project is necessary for an underserved, economically distressed, or rural community's sustainability. The Corps of Engineers must also construct small water storage projects in rural states.

The bill authorizes new projects, including projects for ecosystem restoration, flood risk management, and navigation. The bill also establishes programs for the prevention and control of certain invasive species.

Additionally, the EPA must provide specified assistance to small and medium publicly owned treatment works. Further, the EPA must award grants to small publicly owned treatment works for activities including those related to improving energy and waste efficiency. The EPA must also award grants to reduce emissions at ports from vessels.

Further, the bill reauthorizes through FY2024 the Clean Water State Revolving Fund, which provides financing for water quality infrastructure projects. The bill also reauthorizes through FY2030 the Indian Irrigation Fund, which provides funds to maintain and repair Indian irrigation projects. The Government Accountability Office must report on federal dams and reservoirs in western states.

The OIG is continuing to review and monitor this legislation.

S. 5056- OCEAN Act of 2020

Senator Merkley introduced the Ocean Act of 2020 and it was referred to the Committee on Commerce, Science, and Transportation. This bill would require the Administrator of the National Oceanic and Atmospheric Administration to provide for ocean-based climate solutions to reduce carbon emissions and global warming, to make coastal communities more resilient, and to provide for the conservation and restoration of ocean and coastal habitats, biodiversity, and marine mammal and fish populations, and for other purposes.

The OIG is continuing to review and monitor this legislation.

S. 5070 – Anti-Corruption and Public Integrity Act

Senator Warren introduced the Anti-Corruption and Public Integrity Act and it was referred to the Committee on Finance. This bill improves the anti-corruption and public integrity laws.

The OIG is continuing to review and monitor this legislation.

S. 3994 – Securing Inspector General Independence Act of 2020

Senator Grassley introduced the Securing Inspector General Independence Act of 2020 and it was referred to the Committee on Homeland Security and Governmental Affairs. This bill amends the Inspector General Act of 1978 to provide that the President or certain agency heads may remove an Inspector General, or place an Inspector General on non-duty status, only if certain conditions are satisfied, and for other purposes.

The OIG is continuing to review and monitor this legislation.

Section 5(a)(1) and 5(a)(2): Significant Problems, Abuses, and Deficiencies, and Resulting Recommendations for Corrective Action

These sections require a description of significant problems, abuses, and deficiencies relating to the administration of programs and operations disclosed during the reporting period and the resulting recommendations for corrective action. There were no significant problems, abuses, or deficiencies found during the reporting period, and no resulting recommendations for corrective action were issued.

Section 5(a)(3): Prior Significant Recommendations Unimplemented

This section requires identification of each significant recommendation described in previous semiannual reports for which corrective action has not been completed. Section 5(b) requires that the Commission transmit to Congress statistical tables showing the number and value of audit reports for which no final action has been taken, as well as an explanation of why recommended action has not occurred, except when the management decision was made within the preceding year. We have no prior significant unimplemented recommendations.

Section 5(a)(4): Matters Referred to Prosecutorial Authorities

This section requires a summary of matters referred to prosecutorial authorities and the resulting prosecutions and convictions. No new matters were referred to prosecutorial authorities during this reporting period. There are two matters previously reviewed still pending. One is currently under administrative review. The other pending matter is under ongoing criminal investigation.

Sections 5(a)(5) and 6(c)(2): Information or Assistance Refused

These sections require a summary of each report to the Commissioners when access, information, or assistance has been unreasonably refused or not provided. We were not refused access, information, or assistance.

Section 5(a)(10): Prior Audit Reports Unresolved

This section requires: a summary of each audit report, inspection report, and evaluation report issued before commencement of the reporting period (A) for which no management decision has been made by the end of the reporting period, an explanation of why a decision has not been made, and a statement concerning the desired timetable for delivering a decision on each such report; (B) for which no establishment comment was returned within 60 days of providing the report to the establishment; and (C) for which there are any outstanding unimplemented recommendations, including the aggregate potential cost savings of those recommendations. There are no reports for which no management decision was made by the end of the reporting period or for which no establishment comment was returned within 60 days of providing the report to the establishment.

Section 5(a)(11): Significant Revised Management Decisions

This section requires an explanation of the reasons for any significant revision to a management decision made during the reporting period. There were no significant revised management decisions during this period.

Section 5(a)(12): Significant Management Decisions with Which OIG Disagreed

This section requires information concerning any significant management decision with which the inspector general disagrees. There were no significant management decisions with which the previous or current inspector general disagreed.

Section 5(a)(13): Noncompliance with Federal Financial Management Systems

Agencies are required to implement and maintain financial management systems that comply substantially with federal financial management systems requirements, applicable federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level. If an agency does not comply with federal financial systems, it is required to establish a remediation plan. This section requires the reporting of instances and reasons when an agency has not met target dates established in the remediation plan. There were no instances of noncompliance with federal financial management systems.

Section 5(a)(14) and 5(a)(15): Results of Peer Review Received by OIG

These sections require an appendix containing the results of any peer review conducted by another inspector general during the reporting period and a list of outstanding recommendations. As of this reporting period, the Denali Commission OIG has not been peer reviewed, and there are no outstanding recommendations. The previous interim Inspector General had a peer review complete as part of their overall Office of Inspector General operations. For more information on the peer review of the previous interim Inspector General, please see the Office of Inspector General of the Department of Commerce website at www.oig.doc.gov. The next planned peer review of the Denali Commission OIG is during fiscal year 2021.

Section 5(a)(16) Results of Peer Review Conducted by OIG

This section requires a list of any peer reviews conducted of another inspector general during the reporting period, including a list of any outstanding recommendations made from any previous peer reviews. As of this reporting period, the Denali Commission OIG has not conducted a peer review, and there are no outstanding recommendations.

Sections 5(a)(17) and 5(a)(18): Investigations, Criminal Prosecutions, and Criminal Indictments and Metrics Used to Develop Statistical Data of Investigations, Criminal Prosecutions, and Criminal Indictments

These sections require a statistical table and a description of the metrics used to develop the data related to (1) the number of investigative reports issued, (2) number of persons referred to the Department of Justice for criminal prosecution, (3) number of persons referred to state and local authorities for criminal prosecution, and (4) number of criminal indictments and criminal information resulting from any prior referrals to prospective authorities. There were no investigations, criminal prosecutions, or criminal indictments.

Section 5(a)(19): Substantiated Investigations of Senior Government Employees

This section requires a detailed description of each investigation involving a senior government employee where allegations of misconduct were substantiated, including a detailed description of (1) the facts and circumstances of the investigations and (2) the status and disposition of the matter—including, if referred to or declined by the Department of Justice, the date of referral or declination. There are no substantiated allegations of misconduct involving a senior government employee.

Section 5(a)(20): Instances of Whistleblower Retaliation

This section requires a detailed description of any instance of whistleblower retaliation, including (1) information about the official found to have engaged in retaliation and (2) the consequences the agency imposed to hold the official accountable. There were no instances of whistleblower retaliation.

Section 5(a)(21): Interference with Inspector General Independence

This section requires a detailed description of any attempt by the Commission to interfere with the independence of the inspector general, including (1) budget constraints designed to limit OIG capabilities and (2) incidents where the establishment has resisted OIG oversight or delayed OIG access to information, including the justification of the establishment for such action. There were no instances of the Commission attempting to interfere with the independence of the OIG.

Section 5(a)(22): Closed Inspector General Matters Not Publicly Disclosed

This section requires a detailed description of the particular circumstances of each (1) inspection, evaluation, and audit conducted by OIG that is closed and was not publicly disclosed and (2) investigation conducted by OIG involving a senior government employee that is closed and was not disclosed to the public.

There was one instance of an audit conducted by OIG that is closed and was not publicly disclosed. SBC performed an audit of the Commission's FY 2020 compliance with FISMA in accordance with OMB Memorandum 18-02, Fiscal Year 2017–2018 Guidance on Federal Information Security and Privacy Management Requirements. Upon completion of audit work, OIG issued its overall assessment of the Commission's information security program directly to OMB through the CyberScope reporting portal. In past years, due to the small size of the agency, much of the NIST Information Security Framework was not applicable to the Commission because the information was not kept within its network. The Commission's information security program does not have fully documented and sufficient policies and procedures as recommended by the NIST Information Security Framework. The Commission has hired a contractor to continue work on documenting and putting the appropriate policies and procedures in place.

There are no closed investigations involving a senior government employee that were not disclosed to the public.

CONTACTING THE OFFICE OF INSPECTOR GENERAL



If you believe an activity is wasteful, fraudulent, or abusive of Federal funds with respect to Denali Commission grants or projects, contact us:

Mail:

Denali Commission
Office of Inspector General
510 L Street, Suite 410
Anchorage, AK 99501

Online Confidential: [Confidential Complaint](#)

Online Anonymous: [Anonymous Complaint](#)

Telephone: 907-271-3500

The complainant may remain confidential; allow their name to be used; or anonymous. If the complainant chooses to remain anonymous, the Commission OIG cannot obtain additional information on the allegation, and cannot inform the complainant as to what action the Commission OIG has taken on the complaint. Confidential status allows further communication between the Commission OIG and the complainant after the original complaint is received. The identity of complainant is protected under the provisions of the Whistleblower Protection Act of 1989 and the Inspector General Act of 1978. To learn more about the Commission OIG, visit our website at <https://www.denali.gov/office-of-inspector-general>.

OIG CONTACT INFORMATION

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