

Denali Commission's Compliance with Fiscal Year 2020 Improper Payments Requirements



FINAL REPORT

November 29, 2021

Report No. 2021.11.29

Denali Commission Office
of Inspector General



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

INSPECTOR GENERAL

MEMORANDUM

November 29, 2021

TO: Garrett Boyle
Federal Co-Chair, Denali Commission

Tyson Gallagher
State Co-Chair, Deputy Chief of Staff at the Office of the Governor of Alaska


Alicia Siira
Executive Director, Associated General Contractors of Alaska

Julie E. Kitka
President, Alaska Federation of Natives

Nils Andreassen
Executive Director, Alaska Municipal League

Pat Pitney
Interim President, University of Alaska

Joelle Hall
Executive President, Alaska State AFL-CIO

FROM: 
Roderick Fillinger
Inspector General

SUBJECT: Denali Commission's Compliance with Fiscal Year 2020 Improper Payments Requirements (Report No. 2021.11.29)

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*.

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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) 2019 reporting on improper payments. SBC concluded the Commission is in compliance and has met the requirements that are applicable to the agency for FY 2020.

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

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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) 2020 reporting on improper payments. We conducted this review to comply with the requirements of the Payment Integrity Information Act of 2019 (PIIA).

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 PIIA for FY 2020.

On July 22, 2010, and January 10, 2013, the President signed into law the Improper Payments Elimination and Recovery Act of 2010 (IPERA), and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), respectively, which amended the Improper Payments Information Act of 2002 (IPIA). IPERIA redefined "significant improper payments" and strengthened executive branch agency reporting requirements.

On March 2, 2020, the Payment Integrity Information Act of 2019 (PIIA) (Public Law 116-117) repealed IPERA and other laws, but set forth similar improper payment reporting requirements, including an annual compliance report by Inspectors General. However, PIIA will not be fully effective until FY 2021.

The U.S. Office of Management and Budget (OMB) issued improper payments guidance to assist agencies in implementing improper payment laws, including OMB Circular A-123 Appendix C, Requirements for Payment Integrity Improvement, and OMB Circular A-136, Financial Reporting Requirements and Payment Integrity Information Act of 2019. OMB issues routine updates, including a June 26, 2018, update to OMB Circular A-123 through Memorandum M-18-20, and an August 27, 2020, revision to OMB Circular A-136, which places more emphasis on agencies utilizing the [paymentaccuracy.gov](https://www.paymentaccuracy.gov) website to add more detailed information about improper payments.

Under OMB guidance, agencies must have performed the following with respect to improper payments reporting:

- a) Published improper payment information with the Agency Financial Report (AFR) or Performance and Accountability Report (PAR) for the most recent fiscal year and posted that report and any accompanying materials required under OMB guidance on the agency website;
- b) If required, conducted a program specific risk assessment for each applicable program or activity that conforms with section 3352(a) of PIIA;

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- c) If required, published improper payments estimates for all programs and activities identified under section 3352(a) of PIIA in the accompanying materials to the AFR/PAR;
- d) Published programmatic corrective action plans prepared under section 3352(d) of PIIA that the agency may have in the accompanying materials to the AFR/PAR;
- e) Published improper payments reduction targets established under 3352(d) of PIIA that the agency may have in the accompanying materials to the AFR/PAR for each applicable program or activity assessed to be at risk, and has demonstrated improvements and developed a plan to meet the reduction targets; and
- f) Reported an improper payment rate of less than 10 percent for each applicable program and activity for which an estimate was published under 3352(c) of PIIA.

If an agency does not meet one or more of these reporting requirements, it is not compliant with IPERA and PIIA.

The Commission performed a risk assessment in FY 2020 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 2020 agency financial report.

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.