

Denali Commission

OFFICE OF INSPECTOR GENERAL
SEMIANNUAL REPORT TO CONGRESS



March 2016

Prepared by the
U.S. DEPARTMENT OF COMMERCE
OFFICE OF INSPECTOR GENERAL

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COVER: View of Denali, the highest peak in North America.



Denali Commission

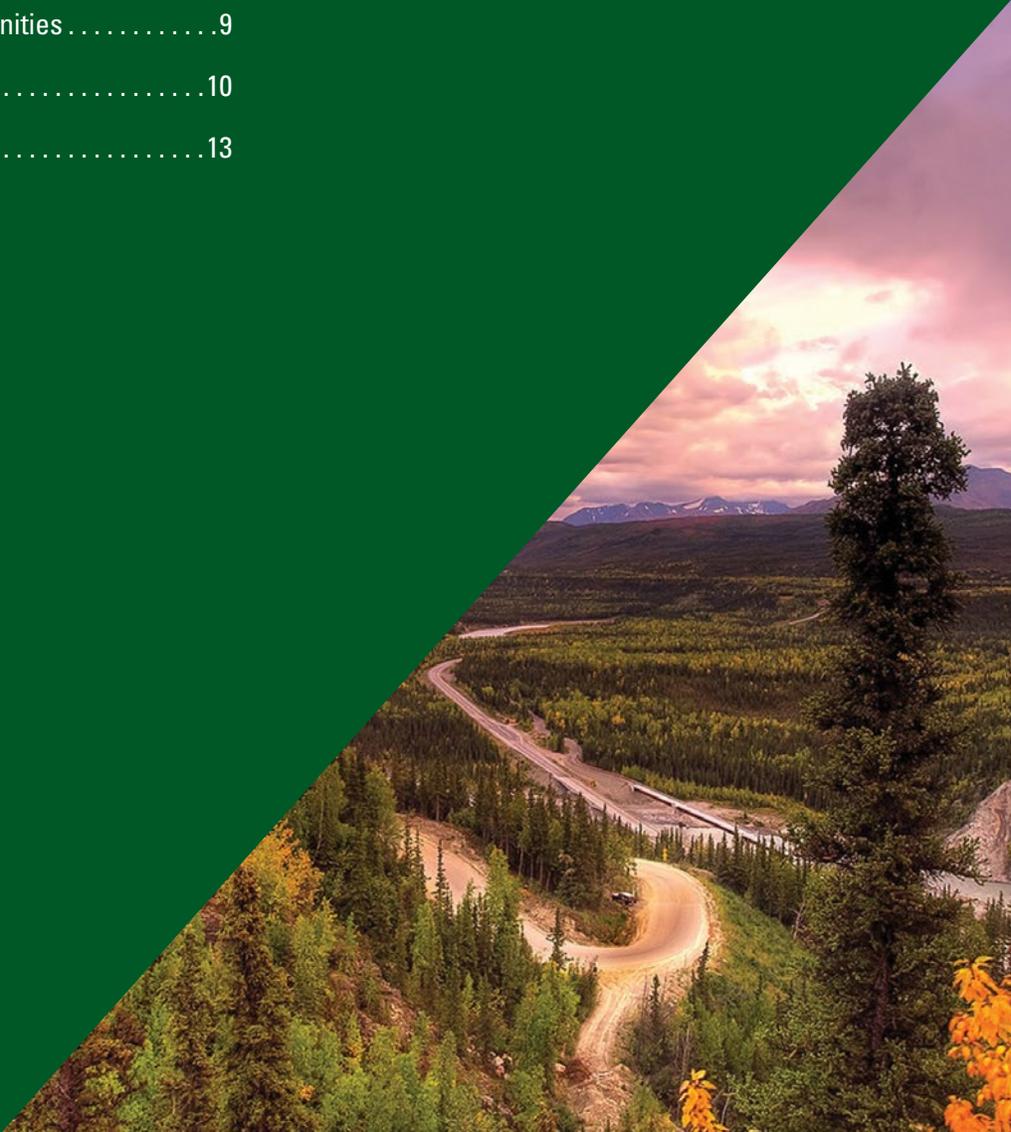
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From the Inspector General

I am pleased to present the Denali Commission Office of Inspector General's *Semiannual Report to Congress* for the 6 months ending March 31, 2016.

During this semiannual reporting period, we completed a review of the Denali Commission's fiscal year (FY) 2016 top management challenges, an audit of the Commission's FY 2015 financial statements, an audit of the Commission's Ruby rural power system upgrade grant, and responses to congressional committees and the Office of Management and Budget (OMB). We issued a draft report to the Commission for an audit of their inventory management and equipment acquisition process and awarded a contract to SB & Company, LLC, to complete an audit of the Commission's FY 2016 financial statements. In addition, we initiated audits of the Commission's government purchase card program and New Stuyahok bulk fuel facility grant.

The Reports Consolidation Act of 2000 requires inspectors general to identify the top management challenges facing their organizations. The top management challenges we identified are (1) Identifying a Strategic Vision and Plan in a Period of Uncertainty and an Evolving Role in Alaska's Village Relocation Efforts; (2) Improving the Monitoring of Grant Recipients in the Face of Logistical Challenges; and (3) Engaging Commissioners in Light of Ethics Concerns and Funding Realities. The details of these challenges can be found in our report *Top Management Challenges Facing the Denali Commission in Fiscal Year 2016*, issued November 6, 2015.

We will continue to work closely with the Commission and with Congress to identify and attempt to address the challenges facing the Commission, especially as it tackles its ambitious strategies and initiatives. We thank the Commissioners, Commission staff, Department of Commerce Office of Inspector General, and members of Congress and their staffs for their support of our work during this period.



David Sheppard



DENALI COMMISSION

The Denali Commission Act of 1998 established the Denali 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 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 of 1998 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 six program areas: **Energy, Health Facilities, Sustainable Priorities for Alaska Rural Communities, Training, Transportation, and Environmentally Threatened Communities.**

Completed Works

During the semiannual reporting period, we completed a review of the Denali Commission's FY 2016 top management challenges, an audit of the Commission's FY 2015 financial statements, and an audit of the Commission's Ruby rural power system upgrade grant. We also responded to requests from congressional committees and OMB.

DENALI COMMISSION'S FY 2016 TOP MANAGEMENT CHALLENGES

On November 6, 2015, we issued our report on the top management challenges facing the Denali Commission in FY 2016. The Commission has been substantially affected by continued budget reductions and a decision by the Justice Department in 2006 regarding the application of federal ethics rules to the Commissioners. We expect that it will also be substantially affected by the President's announcement that the Commission will play a lead coordination role in addressing the impacts of climate change in Alaska. While inherent logistical challenges continue to impact the Commission staff's ability to visit funded projects, a recent OIG audit report on the Commission's grant monitoring efforts should improve the agency's efforts.

The three challenges we identified were:

1. Identifying a Strategic Vision and Plan in a Period of Uncertainty and an Evolving Role in Alaska's Village Relocation Efforts

The Denali Commission has had diminishing funding since FY 2006; it no longer receives Congressional earmarks and receives few transfers from other federal or state agencies. In FY 2006, the Commission's budget was \$140.6 million, with funding coming from six federal sources. Its FY 2015 budget was \$14 million, with funding coming from only two federal sources:

the Energy and Water Development and Related Agencies Appropriations Act, 2014, and the Trans-Alaska Pipeline Liability Fund. Despite drastic reductions in funding, the Commission continues to explore ways to improve rural Alaska. During his August 2015 visit to Alaska, President Barack Obama announced an initiative on climate change and village relocation efforts, stating that "the Denali Commission will play a lead coordination role for Federal, State and Tribal resources to assist communities in developing and implementing both short- and long-term solutions to address the impacts of climate change, including coastal erosion, flooding, and permafrost degradation."

These complexities are the very reasons that the completion of a strategic vision and planning effort is so critically important. The Commissioners met on March 27, 2015, to begin their strategic planning process. While it is too early to determine whether this meeting was successful, such a discussion was a necessary first step toward a more strategic approach to delivering its services. The process could help bring together Commissioners with different perspectives and varied perceptions of the Commission's priorities. It will require Commission staff, the federal co-chair, and the Commissioners themselves to agree on core values and a common vision for the Commission's future. Considering the President's announcement of the Commission's new role in a time of limited and uncertain funding, this will be a challenge.

In order to have an effective strategic planning process, the Commission must have the full support of each staff member and each Commissioner, working toward a common goal and pulling in the same direction.

2. Improving the Monitoring of Grant Recipients in the Face of Logistical Challenges

Owing to the remote locations of many of the public works projects funded by the Denali Commission, it is both time consuming and costly to monitor their progress. While financial monitoring is not as difficult because grants are typically awarded to larger entities located near larger cities, without visiting the site it is difficult to determine whether certain items purchased for projects are actually used on them.

The challenge of ensuring that federal funds are being spent in accordance with the terms and conditions of the grant, and are satisfying the objectives of the award, can only be met by using creative monitoring and assessment techniques. For the Commission to meet this challenge, its staff must develop cost-effective alternatives.

We conducted an audit of the Commission's project monitoring and assessment process in FY 2015. Based on results of the audit, the Commission plans to implement processes and procedures to better monitor and assess grant performance within the inherent logistical constraints.

3. Engaging Commissioners in Light of Ethics Concerns and Funding Realities

Given the positions held by the Commissioners within their respective organizations, the Commission requested an opinion from various federal entities—including the Office of Government Ethics and the Department of Justice—on whether federal ethics laws apply to Commissioners. The decisions provided by the Department of Justice in 2006 and 2007 were that, absent an exemption, the federal ethics laws apply to the Commissioners, in part because they are considered “special government employees.” In light of

this determination, Commissioners became concerned about their levels of engagement, since they could be held criminally liable for breaking ethics laws.

As noted previously, the Commission's funding has been declining since 2006 and is currently only \$13.8 million. Without sufficient funding, encouraging all Commissioners to be engaged with the Commission's work remains a challenge.

The current cadre of Commissioners embodies a wealth of knowledge and experience within the state and represents an important cross-section of tribes, municipalities, state government, academia, business, and labor. Obtaining their input and advice is considered by many to be an important component of the Denali Commission Act. Therefore, increasing Commissioner engagement is a challenge the Denali Commission's staff will need to overcome not only to ensure the Commission is meeting the intent of the Act, but also taking full advantage of everything the Commissioners have to offer.

AUDIT OF THE DENALI COMMISSION'S FY 2015 FINANCIAL STATEMENTS (DCOIG-16-001-A)

SB & Company, LLC, an independent public accounting firm, performed the audit in accordance with the Government Accountability Office's *Government Auditing Standards* and OMB Bulletin 14-02, *Audit Requirements for Federal Financial Statements*. In its audit of the Commission, SB & Company determined that the financial statements were fairly presented in all material respects and in conformity with generally accepted accounting principles.

SB & Company did not identify any instances of noncompliance or other matters required to be reported under *Government Auditing Standards* or OMB audit guidance. However, SB & Company identified a significant deficiency in internal control over financial reporting due to inadequate segregation of duties that resulted in a misstatement of approximately \$1.3 million.

AUDIT OF THE DENALI COMMISSION'S RUBY RURAL POWER SYSTEM UPGRADE GRANT (DCOIG-16-003-A)

We conducted an audit of the Denali Commission's Ruby rural power system upgrade grant as part of our FY 2016 audit plan. Our objectives were to determine whether (1) costs incurred under the award were allowable, allocable, and reasonable; (2) the method chosen for obtaining construction services was effective and efficient; and (3) the power system is working and delivered as intended.

Based on this review, we determined the grantee expended federal funds on items not allowable under federal cost principles that resulted in a questioned cost of \$1,040. We also determined the method of construction was reasonable and the rural power system upgrade is working and delivered as intended.

We recommended the Commission disallow and recover the \$1,040 in unallowable costs. The Commission concurred with all findings and the recommendation in the report and recovered \$1,040 from the grantee.

RESPONSES TO CONGRESSIONAL INQUIRIES

In our March 31, 2016, semiannual response to the chairman and ranking member of the Senate Committee on Homeland Security and Governmental Affairs, we notified the committee that the Denali Commission has 1) no open and unimplemented recommendations; 2) no audits and investigations provided to the agency for comment but not responded to within 60 days; 3) no reports on investigations involving GS-15 level, or above, employees; 4) no instances of whistleblower retaliations; 5) no attempts to interfere with IG independence; 6) no instances of agency staff resisting or objecting to IG oversight activities; and 7) no audit, investigation, or evaluation reports not disclosed to the public.

RESPONSES TO THE OFFICE OF MANAGEMENT AND BUDGET

The Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) and OMB's implementing guidance requires each OIG to perform annual risk assessments, as well as to submit semiannual reports to OMB—in coordination with its Department—of employee purchase or integrated card violations and the resulting actions taken. OIGs must also submit an annual purchase and travel card audit recommendation status report to OMB.

The Denali Commission OIG did not conduct any risk assessments or audits of the government purchase card or travel card programs in FY 2015. We do not have any outstanding or unresolved recommendations related to purchase or travel cards, therefore we also did not provide an audit recommendation status report to OMB. The Denali Commission did not meet the threshold of \$10 million in purchase card or travel card spending and, consequently, we were not required to submit semiannual reports to OMB regarding purchase card violations or perform an audit of the travel card program.

For FY 2016, we assessed the Commission's risks related to its government purchase card and travel card programs. The Denali Commission had two government purchase cards in FY 2015 (\$167,942 of purchases) and 13 government travel cards in FY 2015 (\$195,761 of purchases). The volume of purchases in both programs is relatively low. However, based on other audit work, we plan to review the Denali Commission's use of the government purchase card in FY 2016. There were no indications of erroneous or fraudulent purchasing activity related to the government travel card; therefore, we do not plan to conduct an audit of the Denali Commission's use of the government travel card in FY 2016. In addition, we plan to incorporate government purchase card and travel card activities into our annual risk assessment.

Work in Progress

AUDIT OF THE DENALI COMMISSION'S INVENTORY MANAGEMENT AND EQUIPMENT ACQUISITION PROCESSES (DCOIG-16-005-A)

We conducted an audit of the Commission's inventory management and equipment acquisition processes to determine whether the Commission's processes and procedures are sufficient to ensure that federal assets and funds are being appropriately managed.

The draft report was released to the Commission March 8, 2016, where we made a series of recommendations to strengthen the Commission's inventory management and equipment acquisition process.

AUDIT OF THE DENALI COMMISSION'S FY 2016 FINANCIAL STATEMENTS

On March 28, 2016, SB & Company, LLC, an independent public accounting firm, was awarded a contract to perform an audit of the Denali Commission's FY 2016 financial statements. Work is expected to begin in April 2016 and will conclude with the auditor's letter to management, to be completed December 2016.

AUDIT OF THE DENALI COMMISSION GOVERNMENT PURCHASE CARD PROGRAM

On March 30, 2016, we initiated an audit of the Denali Commission's government purchase card program. Our objective is to determine whether the Commission has sufficient controls over purchase card transactions to ensure federal funds are being appropriately managed.

AUDIT OF THE DENALI COMMISSION NEW STUYAHOK BULK FUEL FACILITY GRANT

On March 31, 2016, we initiated an audit of the Denali Commission's New Stuyahok bulk fuel facility award to the Alaska Village Electric Cooperative (AVEC). Our objectives are to determine whether the costs incurred under the award were allowable, allocable, and reasonable, and the construction of the bulk fuel facility was completed and is operating as intended.

Oversight Areas

ENERGY

Recognizing the critical role energy plays in the quality of life and economic development of Alaska's communities, the Denali Commission has made energy its primary infrastructure theme since 1999.

The Energy Program funds design and construction of replacement bulk-fuel storage facilities, upgrades to community power-generation and distribution systems, energy efficiency measures, and alternative energy projects. The Commission primarily works with the Alaska Energy Authority (AEA) and AVEC to meet rural communities' fuel storage and power generation needs.

The Commission funds these project types: bulk-fuel storage, community power generation, transmission and distribution systems, energy efficiency projects, and alternative and renewable energy.

Water and sanitation facilities in rural Alaska represent one of three core infrastructure types that use the majority of energy resources in a community (housing and schools are the other two). In the recent past, the Alaska Native Tribal Health Consortium, a Commission program partner, completed energy audits (grants issued by the Denali Commission to assess energy needs of local communities) of more than 40 water and sanitation systems throughout rural Alaska and identified potential energy efficiency improvements in each system. According to the Commission, as a result of this effort, potential energy savings of approximately \$700,000 per year were identified, with a one-time capital investment of approximately \$1.3 million. The results of the energy audits completed to date indicate that for each \$1 spent annually on energy retrofits, rural communities and the state of Alaska will realize savings of approximately 50 cents.

It is also estimated that there are upwards of 40 other water and sanitation systems throughout rural Alaska that could realize savings with similar investments and about 150 existing water systems that could benefit from energy efficiency improvements.

HEALTH FACILITIES

Congress amended the Denali Commission Act in 1999 to provide for the planning, design, construction, and equipping of health care facilities. The Health Facilities Program collaborates with numerous organizations, including the Alaska Native Regional Health Corporations, from which the program receives support. The Commission has invested in regional networks of primary care clinics across Alaska and, in response to Congressional direction in 2003, initiated efforts to fund additional program areas addressing other health and social service-related facility needs. Further, the Health Facilities Program incorporated behavioral health, dental care, and other components into its clinic design. Over the years, the program has expanded to include annual initiatives to support domestic violence facilities, elder housing, primary care in hospitals, emergency medical services equipment, and hospital designs.

During the past decade, the program used a universe-of-need model for primary care and an annual selection process via a Health Steering Committee for other program areas.

In 1999, the program created a deficiency list for primary care clinics and found 288 communities statewide in need of clinic replacement, expansion, and/or renovation. That list was last updated in 2008. In the past, projects were recommended for funding if they demonstrated project readiness. However, the Health Facilities Program was last funded by Congress in FY 2010. The Commission's Health program is still functioning with funding appropriated several years ago, but is winding down as projects are completed. In general, no new construction project nominations are currently being accepted.

SUSTAINABLE PRIORITIES FOR ALASKA RURAL COMMUNITIES

As the geography and cultures of peoples vary widely across the state of Alaska, so do the needs and capacities of rural Alaskan villages, cities, and communities. After 13 years of awarding mostly transactional grants that resulted in the construction of numerous bulk fuel tanks, generators, interties, roads, docks, and clinics, the Commission has experienced a significant decline in federal budget authority for its historical programs. However, the Commission continues to receive requests from rural Alaskan communities for technical assistance in planning and executing their respective infrastructure improvement projects.

Community infrastructure needs run the gamut from basic sanitation systems to more cost-effective energy solutions. Layered on the bricks-and-mortar needs are the less visible needs reflecting gaps in local knowledge and leadership capacity for navigating project development, business planning, and fundraising. According to the Commission, such infrastructure and capacity issues are critical to community sustainability.

Rural Alaskan communities are challenged now by dwindling supplies of capital grant monies; aging, failing infrastructure; and high energy costs. Many village populations are declining as residents migrate to locations with greater and more reliable resources for family health, education, and economic stability.

Sustainability of any particular village is not guaranteed, but experience points to multiple interdependent factors that must all be present for a community to survive. The required components include affordable, reliable energy; safe and affordable housing; a quality education system; an accessible and capable health system; a safe and sanitary environment; a functioning local government; community infrastructure management capabilities; and a healthy economy. The Sustainable Priorities for Alaska Rural Communities (SPARC) Program aspires to strengthen communities through technical assistance with infrastructure development and enhancement of the leadership capacity of local residents.

TRAINING

The Training Program was established by the Commission in 1999 as a stand-alone program to provide to rural residents training and employment opportunities that support the construction, maintenance, and operation of Denali Commission investments.

The Training Program prioritizes training projects that create employment opportunities, leverage funds from other state, local, and federal sources, and demonstrate regional planning and coordination. Training Program funds are dedicated to training activities that are directly related to student costs such as books, tools, tuition, lodging, and transportation.

The Denali Commission selects major program partners for training that have the capacity to provide training and education and to carry out the Commission's goals and objectives. Via competitive opportunities facilitated through such partners, other organizations are engaged to conduct specific training projects.

Funding for the Training Program has traditionally come from two sources: the Commission's energy and water base appropriation, and the U.S. Department of Labor. FY 2011 was the first year since the program's inception that a direct budget was not allocated to the training program. Absent new funding, Training Program activities will be limited to projects with program partners that have prior-year funds available on existing grants. As a result, the Commission's Training Program is still functioning with funding appropriated several years ago, but is winding down as projects are completed. However, work is ongoing with program partners to explore how state, federal, tribal, local, and regional stakeholders can improve the maintenance and operation of existing infrastructure through the Commission's Rural Alaska Maintenance Partnership (RAMP) work.

TRANSPORTATION

The Transportation Program was created in 2005 as part of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and accompanying amendments to the Denali Commission Act of 1998, as amended. The program focuses primarily on two areas: rural roads and waterfront development.

The roads portion focused on planning, design, and construction to address basic road improvement needs, including projects that connect rural communities to one another and to the state highway system, and opportunities to enhance rural economic development. Eligible project types include board roads (boardwalk-like systems) for all-terrain vehicles, local community road and street improvements, and roads and board roads to access subsistence use sites (specifically designated locations used by Alaska Natives and rural community members to gather food).

The waterfront portion addresses planning, design, and construction of port, harbor, and other rural waterfront needs. Eligible project types include regional ports, barge landings, and docking facilities.

SAFETEA-LU expired in 2009 and operated under continuing resolutions from June 2009 through June 2012. In June 2012, Congress passed a 2-year transportation bill, the Moving Ahead for Progress in the 21st Century Act (MAP-21), which did not include authorization or funding for the Commission's Transportation Program. The program is still functioning with funding appropriated several years ago, but is winding down as projects are completed.

Commission staff continues to administer the program in coordination with members of the Transportation Advisory Committee, which rates and ranks project submissions, recommends projects to the Denali Commission Federal Co-Chair, and advises the Commission on rural surface transportation needs in Alaska.

The Commission works with these recipients and program partners: U.S. Federal Highway Administration, Western Federal Lands Highway Division and Alaska Division; Alaska Department of Transportation and Public Facilities; U.S. Army Corps of Engineers, Alaska Division; regional, local, and tribal governments; and regional, tribal nonprofits.

ENVIRONMENTALLY THREATENED COMMUNITIES

In September 2015, the Denali Commission was charged by the President of the United States with playing a lead coordination role for federal, state, and tribal resources to assist communities in developing and implementing both short- and long-term solutions to address the impacts of climate change, including coastal erosion, flooding, and permafrost degradation. According to the President's announcement, the Denali Commission will be working to build resilience to climate impacts, addressing high energy costs by incentivizing clean energy and energy-efficiency solutions, and releasing new climate data, maps, and tools to help communities understand and prepare for future climate change.

More specifically, the President announced that the Commission will collaborate with the State of Alaska local and tribal agencies to facilitate coordination of federal engagement in efforts to protect communities, and conduct voluntary relocation or other managed retreat efforts. The Arctic Executive Steering Committee (AESC), established by President Obama in January 2015, will provide guidance and support these efforts as appropriate, as part of its mission to enhance coordination of U.S. government activities in the Arctic, help set priorities across diverse missions and programs, and provide the basis for a whole-of-government approach to the future of the Arctic.

Statistical Data

OFFICE OF INVESTIGATIONS STATISTICAL HIGHLIGHTS FOR THIS PERIOD

Investigative activities covers investigations opened and closed by OIG; arrests by OIG agents; indictments and other criminal charges filed against individuals or entities as a result of OIG investigations; convictions secured at trial or by guilty plea as a result of OIG investigations; and fines, restitution, and all other forms of financial recoveries achieved by OIG as a result of investigative action. No investigative activities occurred during this reporting period.

Allegations processed presents the number of complaints from employees, stakeholders, and the general public that we were able to identify from the limited records maintained by the previous inspector general. No allegations were processed during this reporting period.

AUDIT RESOLUTION AND FOLLOW-UP

The Inspector General Act Amendments of 1988 require us to present in this report audits issued before the beginning of the reporting period (October 1, 2015) for which no management decision had been made by the end of the period (March 31, 2016).

Audit resolution is the process by which the Denali Commission reaches an effective management decision in response to audit reports.

Management decision refers to the Denali Commission’s evaluation of the findings and recommendations included in the audit report and the issuance of a final decision by Commission management concerning its response.

TABLE 1. MANAGEMENT DECISIONS

Report Category	Recommendations
Management Decisions Pending (October 1, 2015)	1
Management Decisions Required	1
New Management Decisions Submitted	2
Management Decisions Accepted by OIG	2
Actions Pending (March 31, 2016)	0

AUDIT, EVALUATION, AND INSPECTION STATISTICAL HIGHLIGHTS FOR THIS PERIOD

Audits of federal establishments, organizations, programs, activities, and functions must comply with standards established by the Comptroller General of the United States. Evaluations and inspections include reviews that do not constitute an audit or a criminal investigation. We completed an audit of the Denali Commission's grant monitoring process and a review of the Commission's improper payment reporting; however, we found neither questioned costs, nor funds that could have been put to better use.

Questioned cost refers to a cost that is questioned by OIG because of (1) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (3) a finding that an expenditure of funds for the intended purpose is unnecessary or unreasonable.

Value of audit recommendations that funds be put to better use results from an OIG recommendation that funds could be used more efficiently if Commission management took action to implement and complete the recommendation. Such actions may include (1) reductions in outlays; (2) deobligation of funds from programs or operations; (3) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (4) costs not incurred by implementing recommended improvements related to the Commission, a contractor, or a grantee; (5) avoidance of unnecessary expenditures identified in pre-award reviews of contracts or grant agreements; or (6) any other savings specifically identified.

REPORT TYPES FOR THIS PERIOD

Performance audits are engagements that provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

Financial statement audits provide reasonable assurance through an opinion (or disclaimer of an opinion) about whether an entity's financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles, or with a comprehensive basis of accounting other than these principles.

Evaluations and inspections include evaluations, inquiries, and similar types of reviews that do not constitute an audit or investigation. An inspection is defined as a process that evaluates, reviews, studies, or analyzes the programs and activities of a department or agency to provide information to managers for decision making; make recommendations for improvements to programs, policies, or procedures; and identify where administrative action may be necessary.

TABLE 2. REPORT TYPES FOR THIS PERIOD

Type	Number of Reports	Table Number
Performance Audits	1	2-A
Financial Statement Audits	1	2-B
Evaluations and Inspections	0	N/A
Total	2	

TABLE 2-A. PERFORMANCE AUDITS

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$)	Amount Questioned (\$)	Amount Unsupported (\$)
Denali Commission's Ruby Rural Power System Upgrade Grant	DCOIG-003-A	1.7.2016	0	\$1,040	0

TABLE 2-B. FINANCIAL STATEMENT AUDITS

Report Title	Report Number	Date Issued	Funds to Be Put to Better Use (\$)	Amount Questioned (\$)	Amount Unsupported (\$)
FY 2015 Financial Statements	DCOIG-001-A	11.13.2015	0	0	0

Reporting Requirements

The Inspector General Act of 1978, as amended, specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages of this report.

Section	Topic	Page
4(a)(2)	Review of Legislation and Regulations	13
5(a)(1)	Significant Problems, Abuses, and Deficiencies	3, 12*
5(a)(2)	Significant Recommendations for Corrective Action	3, 12*
5(a)(3)	Prior Significant Recommendations Unimplemented	13
5(a)(4)	Matters Referred to Prosecutorial Authorities	N/A**
5(a)(5) and 6(b)(2)	Information or Assistance Refused	14
5(a)(6)	Listing of Audit Reports	3, 12*
5(a)(7)	Summary of Significant Reports	3, 12*
5(a)(8)	Audit Reports—Questioned Costs	3, 12*
5(a)(9)	Audit Reports—Funds to Be Put to Better Use	3, 12*
5(a)(10)	Prior Audit Reports Unresolved	14
5(a)(11)	Significant Revised Management Decisions	14
5(a)(12)	Significant Management Decisions with Which OIG Disagreed	14
5(a)(14)	Results of Peer Review	14

* *Reference Completed Works, page 3 and Tables 2-A and 2-B, page 12.*

***No investigations conducted or allegations received during this semiannual period.*

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. Comments concerning legislative and regulatory initiatives affecting Commission programs are discussed, as appropriate, in relevant sections of the report.

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.

SECTIONS 5(A)(5) AND 6(B)(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: (1) a summary of each audit report issued before the beginning of the reporting period for which no management decision has been made by the end of the reporting period; (2) an explanation of why a decision has not been made; and (3) a statement concerning the desired timetable for delivering a decision on each such report. There are no reports more than 6 months old, for which no management decision has been made.

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 are no appeals pending at the end of 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 OIG disagreed.

SECTION 5(A)(14): RESULTS OF PEER REVIEW

The Denali Commission OIG has requested the Council of the Inspectors General on Integrity and Efficiency's audit committee include our office in the next round of peer reviews. The previous Inspector General did not conduct audits and therefore did not require peer reviews.



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