



Denali Commission
Office of Inspector General
Anchorage, AK 99501

September 24, 2015

MEMORANDUM FOR: Joel Neimeyer
Federal Co-Chair

FROM: David Sheppard
Inspector General

SUBJECT: *Audit of Denali Commission Grant Monitoring Process—Final Report No. DCOIG-15-012-A*

This memorandum provides our final report on the Denali Commission's Grant Monitoring Process. We conducted this audit as part of our fiscal year 2015 audit plan and in response to a request made at the October 6, 2014, Commission meeting.

Our objectives were to determine (1) whether the Commission's grant monitoring process effectively ensures that federal funds are being expended as intended, and (2) whether the Commission is effectively allocating its grant monitoring resources.

Based on this review, we determined that improvements are needed in the Commission's grant monitoring process. Specifically, the Commission could better (1) exercise consistent grants management processes and procedures to identify and limit risk to the organization, (2) communicate federal requirements to its grantees, and (3) manage grantee progress reports. In addition, the Denali Commission has comparable grant programs to the Economic Development Administration, but performs fewer grant monitoring activities.

We received the Commission's response to our draft report on September 15, 2015 and included the response in our final report.

We would like to thank the Commission staff for their cooperation during our review. Please contact me at (206) 220-7970 if you would like to discuss the results of this review.

Attachment

cc: Denali Commissioners
Corrine Eilo, Chief Financial Officer, Denali Commission
Jay Farmwald, Director of Programs, Denali Commission
John Whittington, General Counsel, Denali Commission
David Smith, Acting Inspector General, U.S. Department of Commerce

DENALI COMMISSION

Denali Commission Grant Monitoring Process



FINAL REPORT

September 24, 2015

DCOIG-15-012-A

DENALI COMMISSION
OFFICE OF INSPECTOR GENERAL

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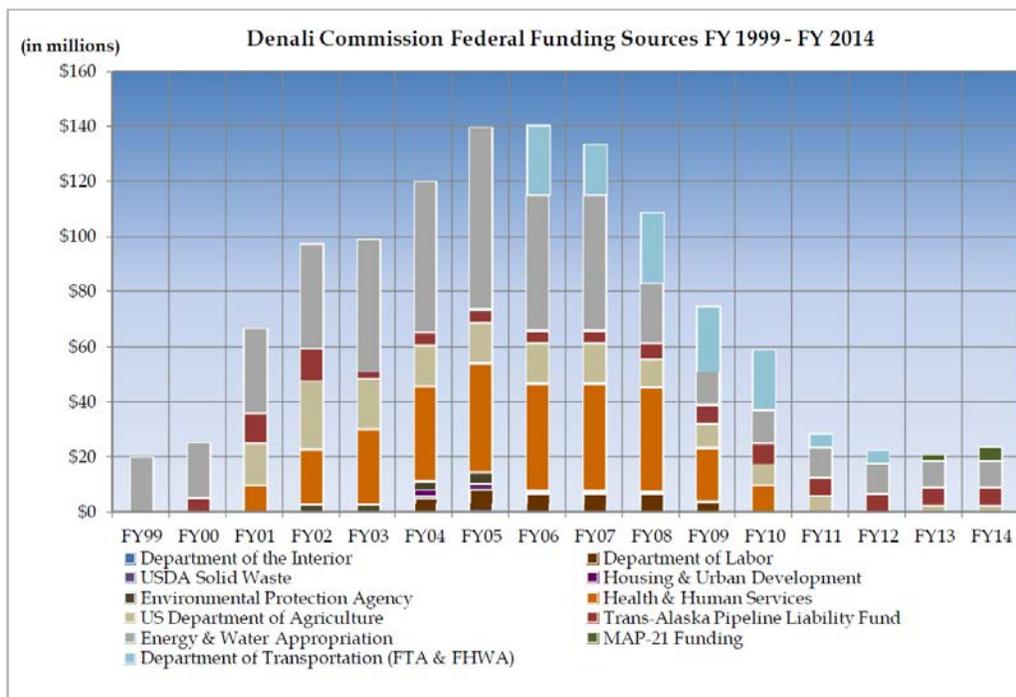
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Introduction

The Denali Commission Act established the Denali Commission (the Commission) in 1998 as a federal agency with the statutory purpose of providing job training and economic development services, rural power generation and transmission facilities, modern communication systems, water and sewer systems, and other infrastructure needs to rural areas of Alaska. By statute, there are seven members of the Commission, known as commissioners: a federal co-chairperson (Federal Co-Chair)—a federal employee appointed by the Secretary of Commerce who directs Commission staff—and six additional commissioners from the state of Alaska and specific Alaska business, labor, academic, and native and community organizations. The Act requires that the commissioners annually solicit proposals for projects from local governments and other entities and organizations and develop a proposed work plan for projects in Alaska that provide for rural and infrastructure development and necessary job training.

Since its inception, the Commission has provided more than \$1 billion in federal grants to help develop Alaska’s remote communities. During this period, the Commission awarded more than 800 grants to fund more than 2,300 projects across various program areas, including energy, health facilities, and sustainable priorities for Alaska rural communities, training, and transportation. For example, the Commission has funded upgrades to power generation facilities and the construction of village health clinics. In recent years, however—from fiscal year 2006 to fiscal year 2014—the Commission’s funding has decreased significantly, with only the Commission's energy program currently receiving direct appropriations. (See Figure 1)

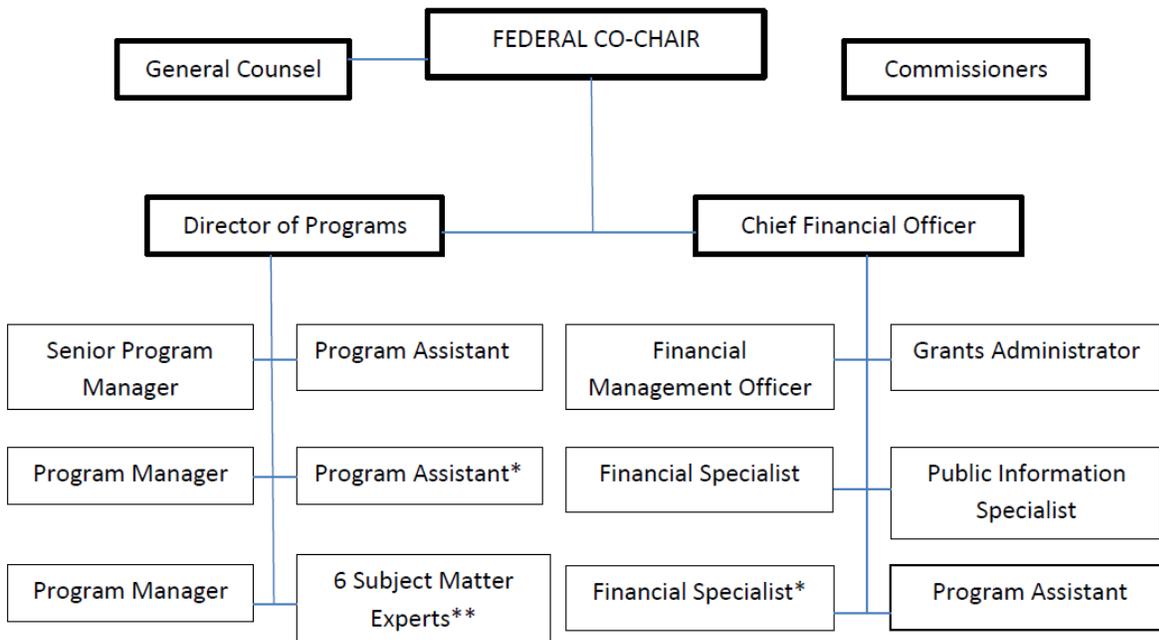
Figure 1. Denali Commission Federal Funding Sources FY 1999—FY 2014



Source: Denali Commission’s FY14 Agency Financial Report.

The Commission has a staff of 13 full-time and 2 part-time personnel, including the Federal Co-Chair, the general counsel, 7 administrative staff, and 6 program staff. In addition, the Commission employs 6 subject matter experts on an intermittent basis to consult on specific projects and program areas. Grants management and monitoring staff are mainly composed of the 3 program managers and the grants administrator. (See Figure 2)

Figure 2. Denali Commission Organizational Chart



*Part-Time Employees

**Intermittent Employees

Source: OIG Analysis of Denali Commission Organization.

The annual work plan is developed by soliciting project proposals from local governments and other entities to form a comprehensive work plan for rural and infrastructure development and protection. The proposed work plan is developed and reviewed by the commissioners, submitted to the Federal Co-Chair for review, and then published in the *Federal Register* with notice and a 30-day opportunity for public comment. Along with consideration of public comments, the Federal Co-Chair consults with federal officials such as Department of Interior's Bureau of Indian Affairs, Department of Housing and Urban Development, Commerce Department's Economic Development Administration, and Department of Agriculture's Rural Development. Finally, the work plan is submitted to the Secretary of Commerce for approval.

Once individual grants are issued, a program manager is responsible for managing the award, including preparing all initial award documents; reviewing progress reports; approving reimbursement requests; communicating with the grantee; and performing site visits when possible. Site visits present a logistical challenge in Alaska due to the remote location of the majority of the Commission's grantees. About 220 Alaskan communities are accessible only by air or small boat. These remote, often isolated communities are scattered throughout the state, and most of them are not connected to the power grid and must

generate their own electricity and provide for their own heating locally. The Acting Inspector General for the Denali Commission issued a report to the Commission, *Top Management Challenges Facing the Denali Commission in Fiscal Year 2015*, identifying the need to improve the monitoring of grant recipients in the face of these logistical challenges as one of the top management challenges.

Objective, Findings, and Recommendations

As part of our fiscal year 2015 audit plan, we conducted an audit of the Denali Commission's grant monitoring process. Our objectives were to determine (1) whether the Commission's grant monitoring process effectively ensures that federal funds are being expended as intended, and (2) whether the Commission is effectively allocating its grant monitoring resources.

Improvements Are Needed in the Denali Commission's Grant Monitoring Process

Based on this review, we determined that improvements are needed in the Commission's grant monitoring process. Specifically, the Commission could better (1) exercise consistent grants management processes and procedures to identify and limit risk to the organization, (2) communicate federal requirements to its grantees, and (3) manage grantee progress reports.

The Denali Commission does not exercise consistent grants management processes and procedures to identify and limit risk to the organization.

Excluded parties list not checked prior to grant award.

Commission staff no longer checks the excluded parties list prior to granting awards as required by the OMB Guidance for Grants and Agreements.¹ The Bureau of Fiscal Services, who handles grant payment processing for the Commission, checks all entities on the "Do Not Pay" list at least weekly. However, they check only the entity and do not look for key personnel involved in the award. Staff does not check the excluded parties list prior to award because the requirement has not been outlined in any of the pre-award checklists or processes. Awards could be granted to entities or individuals that are not eligible to receive federal awards. If the award is granted, payments could be made to key personnel who are not eligible to receive federal awards.

Record keeping practices are inconsistent.

Commission record keeping practices are inconsistent. During the initial award file request, 15 percent of active files could not be located. After several weeks, 5 percent still could not be located.² Staff does not always use the applicable award checklists to process grants. A review of 40 award files identified 16 (41 percent) of 39 awards did not include use of all applicable checklists. We were unable to review all 40 awards because one grant file could not be located. Based on a 90 percent confidence level, we estimate between 31 percent and 51 percent of all active Denali Commission awards did not include use of all applicable checklists. In addition, the official grant files do not contain all documents related to the

¹ OMB Guidance for Grants and Agreements, Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," Section 200.205, requires the federal awarding agency to review information available through any OMB-designated repositories of government-wide eligibility qualification or financial integrity information, such as SAM Exclusions and "Do Not Pay" lists prior to making a federal award.

² OMB Guidance for Grants and Agreements, Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," Section 200.333, generally requires that financial records, supporting documents, statistical records, and all other non-federal entity records pertinent to a federal award be retained for a period of three years from the date of submission of the final expenditure report.

award. The complete record of the award is found in the official grant file, the online project database, and the Commission's share drive—and often this does not include all relevant documentation. Although use of checklists is required by the Commission's Grants Management Guidelines, the Commission does not place an emphasis on record keeping consistency, which could cause inaccurate or incomplete award information.

Subrecipients not documented.

Commission staff does not maintain records of its grantees' subrecipients. A request for a list of active grants and subrecipients identified a lack of documentation about the identity of the current subrecipients. The Denali Commission staff does not require its grantees to submit subrecipient information prior to or subsequent to the award. Without knowing the identity of its subrecipients, the Denali Commission staff cannot assess skills, capabilities, level of risk, and accountability of federal funds. Federal regulations require the federal awarding agency to include federal requirements on reporting subawards, as listed in OMB Guidance for Grants and Agreements, Part 170, "Reporting Subaward and Executive Compensation Information," Appendix A, in the award terms and conditions.³ To accomplish this, federal awarding agencies must include the award term in Appendix A in each award of \$25,000 or more to a non-federal entity. This requirement is not currently in the Denali Commission's standard award terms and conditions template.

Single audits not reviewed.

Commission staff does not review single audits filed by its grantees. Although the Commission's Grants Management Guidelines and award terms and conditions require grantees to submit single audits in accordance with federal requirements, program personnel do not verify whether single audits are submitted, nor do they subsequently review them.⁴ The staff is not aware of the benefits of using single audits to assess grantee and program performance. If it does not review the single audit reports of its grantees, the Commission will not be able to identify grantees considered to be high-risk, where additional monitoring or special award conditions may be needed. Additional monitoring could include a requirement for high-risk grantees to submit actual cost documentation such as vendor invoices with their reimbursement requests.

³ OMB Guidance for Grants and Agreements, Part 170 "Reporting Subaward and Executive Compensation Information," Appendix A, generally requires entities to report each action that obligates \$25,000 or more in federal funds for a subaward to <http://www.fsr.gov>.

⁴ OMB Guidance for Grants and Agreements, Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," Section 200.501, requires non-federal entities that expend \$750,000 or more in federal awards during the non-federal entity's fiscal year to have a single audit conducted.

The Denali Commission does not clearly communicate all federal requirements to its grantees.

Award documents are not clear.

Although the Commission's award documents reference federal guidance, the documents are not clear on which requirements in the guidance specifically apply to the grantee.⁵ In addition, the award terms and conditions do not always accurately reflect regulatory requirements. For example, the Commission's standard award terms and conditions for all award types state that "the Administrative Circular requires that the grantee will **inform** the Commission in writing (e-mail, letter, or report) **at the earliest possible date** of any unanticipated project cost overrun, project schedule delays, or changes in the project scope or changed site conditions." (emphasis added) However, the OMB Guidance for Grants and Agreements states that recipients must request prior approvals from federal awarding agencies for revisions due to program or budget-related reasons.⁶ In another example, the Commission stated within an award document scope-of-work section the following:

The award will provide for design and construction of up to 860,000 gallons of code compliant bulk fuel storage for diesel fuel and gasoline, underground fill and distribution pipelines, a marine header, and three dispensing stations.

Stating that the grantee can construct "up to 860,000 gallons" allows for the possibility that the grantee could substantially underbuild, and the Commission may not have recourse.

Guidance referenced is too broad.

Instead of referencing specific requirements or sections of regulations, Denali Commission award documents have been designed to reference the entire regulation, which is often too broad to communicate clearly which federal requirements are applicable to a specific award. If guidance is too broad, grantees may not be fully aware of what federal requirements apply to them as a grantee or a pass-through entity. In addition, the Commission does not inform its grantees that all federal requirements flow down to the subrecipients, including federal cost principles that outline allowable and unallowable costs.

Staff training is insufficient to provide guidance.

In addition to relying upon award documents to clearly set forth federal requirements, grantees should be able to turn to program managers as a resource regarding those requirements. However, the program managers have not had sufficient training on federal grants management to effectively assist

⁵ OMB Guidance for Grants and Agreements, Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," Section 200.210, requires the federal award to include wording to incorporate, by reference, the applicable set of general terms and conditions. The reference must be to the web site at which the federal awarding agency maintains the general terms and conditions. If a non-federal entity requests a copy of the full text of the general terms and conditions, the federal awarding agency must provide it.

⁶ OMB Guidance for Grants and Agreements, Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," Section 200.308(c) and (g), non-construction and construction grants respectively.

the grantees. The Commission does not have a training program for program managers and does not require them to attend federal grants management training courses. If the program managers do not fully understand federal grant requirements, their effectiveness as a resource for grantees is limited. To its credit, the Commission has afforded its grants administrator such training. However, the grants administrator's contact with grantees is minimal, and it would be beneficial to provide such training to all program managers who interact with grantees.

Although progress reports contain sufficient information to assess award progress, reports are often submitted late.

A review of 40 awards identified progress reports that contained detailed information of progress, next steps, and any delays in the project, often including pictures and designs, but many of these progress reports were submitted late. While ideally a program manager would perform site visits to funded projects, this is often not an option for Denali Commission projects due to the cost and time it takes to visit many of them. For this reason, progress reports are an important tool for program managers to assess projects. However, of the grantees we reviewed, 78 percent submitted at least one progress report late. Based on a 90 percent confidence level, we estimate that between 69 percent and 86 percent of all active Denali Commission grantees have had at least one overdue progress report. Specifically, our review identified that 31 percent of progress reports were submitted an average of 33 days late, with some as much as one year late. Based on a 90 percent confidence level, we estimate grantees submitted between 26 percent and 38 percent of all progress reports late. Although the Denali Commission Grants Management Guidelines and award terms and conditions require progress reports to be submitted quarterly, program managers do not always enforce due dates in a timely manner. The project database generates automatic notices of overdue progress reports to grantees and program managers, but program managers do not maintain documentation of notices or any subsequent actions in the grant file. Such a high rate of overdue progress reports shows a lack of enforcement for requirements outlined in the grant terms. Since progress reports are the main grant monitoring tool, if the deadlines are not enforced, there could be grantees performing activities either not allowed under federal guidance or outside the scope of the award. While program managers may have granted extensions on progress reports in certain cases, progress reports are still the primary monitoring tool, without which program managers are unable to stay apprised of award progress.

The Denali Commission Performs Fewer Grant Monitoring Activities than the Economic Development Administration

During the audit, we reviewed the grant monitoring resource allocation of the Commission and compared it to that of the Economic Development Administration (EDA), Seattle regional office (SRO).⁷ Specifically, we compared the EDA Seattle region's public works grants to the Denali Commission construction, and related, grants.⁸

A review of fiscal years 2013 and 2014 identified comparable grant monitoring resource allocation between the Commission and EDA in terms of the number of monitoring personnel, number of new awards for the fiscal year, and amount of funding in new awards for the fiscal year. (See Table 1) However, the EDA regional office has only four personnel on their administrative support staff, while the Commission has six. In addition to monitoring and administrative personnel, EDA has eight economic development representatives for identifying and cultivating potential awards. Although Commission program managers can choose specific projects from the deficiency list to initiate a new grant, the priority areas are set on the annual work plan.

Table 1. Grant Monitoring Resource Allocation

	FY13		FY14	
	Denali Commission	EDA SRO	Denali Commission	EDA SRO
Monitoring Personnel	2	5	2	6
New Awards	10	25	12	37
New Awards per Monitoring Personnel	5	5	6	6.2
Funding for New Awards	\$5.9 million	\$29.1 million	\$12.8 million	\$33.1 million
Funding for New Awards per Monitoring Personnel	\$2.9 million	\$5.8 million	\$6.4 million	\$5.5 million

Source: OIG Analysis of Denali Commission and EDA Data.

In addition to new grants, monitoring personnel continue to monitor active grants awarded in previous fiscal years. Although the Commission has fewer active grants in total than EDA, they have far more active grants and funding for each monitoring personnel to manage. (See Table 2)

⁷ We did not assess the effectiveness and efficiency of EDA's resource allocation. We selected EDA SRO to perform a comparative analysis because it has a mission and grant program similar to the Denali Commission.

⁸ EDA's planning and technical assistance grants were removed from the sample due to the high number of planning and technical assistance grants that take minimal time to manage. We also removed the personnel who manage and monitor planning and technical assistance grants. Because we focused on public works (construction) grants from EDA, we removed all Commission awards not related or contributing to construction. Therefore, we removed the training awards and the training program manager from the comparison.

Table 2. Comparison of FY15 Active Grants

	Denali Commission	EDA SRO
Monitoring Personnel	2	6
Active Construction Grants	89	98
Funding for Active Construction Grants	\$125 million	\$174 million
Active Construction Grants per Monitoring Personnel	45	16
Funding for Active Construction Grants per Monitoring Personnel	\$62.5 million	\$29 million

Source: OIG Analysis of Denali Commission and EDA Data.

Although the resource allocation of new awards between the Commission and EDA was fairly comparable, because of ongoing awards, the Commission monitoring personnel on average have a larger portfolio of grants to manage than EDA. A review of grant monitoring processes and activities between the two agencies identified a significant variance in the level of monitoring. As currently structured, EDA would be able to accomplish much more in terms of processes, procedures, requirements, and training than the Commission because the Commission has not established the consistent processes and procedures that EDA has in place. (See Table 3)

Table 3. Grant Monitoring Activities

	Denali Commission	EDA
Process for Identifying High-Risk Grantees		X
Communicate Clear Federal Requirements		X
Approve Subrecipients		X
Document Subrecipients		X
Require Progress Reports	X	X
Follow-Up Process for Overdue Progress Reports		X
Require Reimbursement Requests	X	X
Require Cost Documentation for Reimbursement Requests		X
Maintain a Consistent and Complete Award File		X
Require Structured Grants Management Training for grant monitors		X

Source: OIG Comparison of Denali Commission and EDA Grant Monitoring Activities.

EDA has a process for ensuring that monitoring personnel have the requisite skills to manage grant programs by employing field experts, such as civil engineers for construction grants, while the Commission has monitoring personnel with a wider variety of backgrounds. Field experts have the advantage of knowledge and experience related to the specific grant programs. For example, a civil engineer will be more familiar with building materials used for construction projects and therefore able to provide more technical expertise to monitoring the progress and activities of the grantee. In contrast, generalists have the advantage of being able to move from one grant to an entirely different type of

award. However, instead of assigning awards to program managers based on workload, the Commission assigns program managers to specific programs, creating an uneven workload distribution. For example, the Commission has a total of 97 active awards, but one program manager has 63 awards, one has 28 awards, and one has 6 awards. In addition to knowledge and experience of specific grant programs, EDA also has a process for requiring all grant monitoring personnel to obtain the “Grants Management Certificate: Federal Track,” from Management Concepts, while the Commission does not have a structured training program. Exercising consistent grants management processes and procedures ensures that all monitoring personnel are performing necessary activities to ensure that federal funds are being expended as intended.

Recommendations

We recommend that the Commission strengthen its grant monitoring process by formalizing the following processes:

1. checking both the entity and the applicant's key personnel against the excluded party list prior to granting awards;
2. reviewing single audits filed by grantees to assess findings that may be either relevant to the Denali Commission or an indication that a grantee has material weaknesses in its financial management system;
3. maintaining documentation of subawards and subrecipients;
4. developing and implementing a consistent record keeping system;
5. considering revising the checklists to ensure that all required elements are included; and,
6. requiring staff to use all required checklists, as applicable.

We also recommend that the Commission:

7. develop a plan for ensuring that all program managers have the requisite skills to manage the grant programs;
8. revise its standard terms and conditions to more thoroughly communicate federal requirements to grantees; and,
9. maintain written notification to grantees of past due progress reports in the official grant file.

Summary of Agency Response and OIG Comments

The OIG received the Commission's response to the draft report, which we included as Appendix B of this final report. The Commission concurs with all findings and the intent of all recommendations in this report. In their response, the Commission detailed the actions they plan to take to implement our recommendations. We believe the actions detailed in the agency response are sufficient and therefore no corrective action plan is required.

Appendix A: Objectives, Scope, and Methodology

Our objectives were to determine (1) whether the Commission's grant monitoring process effectively ensures that federal funds are being expended as intended, and (2) whether the Commission is effectively allocating its grant monitoring resources. We conducted fieldwork from February 2015 to June 2015 in Anchorage, Alaska.

To accomplish our audit objectives, we did the following:

- Communicated with Denali Commission officials, grant monitoring personnel, and administrative support personnel to gain an understanding of the grant monitoring processes and procedures as well as personnel qualifications and training;
- Requested, obtained, and analyzed a list of all active awards;
- Identified a statistical sample of 40 active awards from a population of 97 active awards to review award files for internal checklists, entities and personnel on the excluded parties list, requirements communicated in the award terms and conditions, quarterly progress reports, reimbursement requests, communications, and subrecipient monitoring. The 40 sample awards were selected for testing based on a random number generator;
- Communicated with EDA officials to gain an understanding of the grant monitoring processes and procedures for the purposes of comparing to the Denali Commission; and,
- Requested, obtained, and analyzed resource allocation and funding data for the Denali Commission and EDA.

For our review of the active award sample, we relied on both manual records and computer-generated data. To assess the reliability of computer-generated data, we assessed the data for obvious errors, interviewed Commission officials who were knowledgeable about the data, and directly compared the data to manual records. Although the computer-generated data alone was incomplete, when viewed with other available evidence, we determined the data were sufficiently reliable to support our audit conclusions.

During our review, we identified deficiencies in internal controls that are significant within the context of the audit objectives by interviewing Commission officials, reviewing policies and procedures, and analyzing a sample of active grants. As described in our findings, we found that procedural and documentary controls are insufficient to certify that grant monitoring processes effectively ensure that federal funds are being expended as intended. We did not identify any incidence of fraud, illegal acts, violations of laws, or abuse in our audit.

We performed this review under authority of the Inspector General Act of 1978, as amended. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate

evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B: Agency Response



DENALI COMMISSION

September 15, 2015

Mr. David Sheppard
US Department of Commerce – Office of Inspector General
915 Second Avenue, Suite 3062
Seattle, WA 98174

Dear Mr. Sheppard:

This letter is in response to the Draft Report, *Audit of Denali Commission Grant Monitoring Process*, dated July 10, 2015. The draft report made nine recommendations and the agencies' response to each is below:

1. *The Commission strengthen its grant monitoring process by formalizing the process of checking both the entity and the applicant's key personnel against the excluded party list prior to granting awards.*

Response: We concur with the recommendation. We began working on policies and procedures addressing our grant processes after the US Government Accountability Office Report 15-72 – *Options Exist to Address Management Challenges* was published on March 25, 2015. As part of that rewrite process we are mandating the use of pre-award procedures, which will require program managers to check the proposed recipient and when identified in the grant documentation, key personnel against the excluded party list. Our intent is to have those policies/procedures in place by the end of calendar year (CY) 2015.

2. *The Commission strengthen its grant monitoring process by formalizing the process of reviewing single audits filed by grantees to assess findings that may be either relevant to the Denali Commission or an indication that a grantee has material weaknesses in its financial management system.*

Response: We concur with the recommendation. As part of the rewrite process mentioned above and the implementation of 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* we are creating a risk analysis process which will mandate review of single audits to determine if the proposed recipient has had any findings. We have identified a full time staff member who will have the responsibility for conducting these reviews.

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Denali Commission Grant Monitoring Process

September 15, 2015

3. *The Commission strengthen its grant monitoring process by formalizing the process of documenting subawards and subrecipients.*

Response: We concur with the recommendation. In July of 2015 we created a new template award document and now require that recipients tell us how they intend to complete the work (i.e. with their own workforce, contract or by subaward). If the recipient intends to use subawards then they must tell us who the subrecipient(s) will be and/or how they will be selected.

4. *The Commission strengthen its grant monitoring process by developing and implementing a consistent record keeping system.*

Response: We concur with the recommendation. The report identified two issues under this recommendation. The first was that not all grant files contained applicable checklists. The second was that the complete grant file could not be found in one location but, rather, had to be compiled by reviewing multiple file locations. As to the first point regarding checklists our rewrite of the policies/processes for pre-award activities will mandate the use of standard checklists, which will be reviewed by the Director of Programs before awards are issued. This process will ensure that grant files contain the required documentation for future awards.

As to the second point we agree that it is good business practice to maintain grant files in one location. As you are aware, the agency has a robust web-based grants database and we have at times relied too much on the database as the repository of grant documentation. We suspect that agency staff also rely too heavily on the G:Share agency network directory (available to all staff) and their own agency e-mail system (available only to them) in keeping award and grant documentation of substance. The agency has a standing grant filing process and we need to enforce it in the future with agency staff. We will review the existing grant documentation process and our management of the written grant documentation so that agency award document files are complete.

5. *The Commission strengthen its grant monitoring process by revising the checklists to ensure all required elements are included.*

Response: We concur with the recommendation. As part of the rewrite process mentioned above all of our pre-award checklists will be reviewed to ensure compliance with 2 CFR 200.

6. *The Commission strengthen its grant monitoring process by requiring staff to use all required checklists.*

Response: We concur with the recommendation. As part of the rewrite process mentioned above we are going to adopt an internal review process to ensure program management staff complete all required pre-award checklists.

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7. *The Commission should develop a plan for ensuring all program managers have the requisite skills to manage the grant programs.*

Response: We concur with the recommendation. We have recently identified available grant management training courses and are in the process of identifying necessary courses/skill sets for each position. Once we have established the minimum level of training (through course work or hands-on-training) we will communicate those requirements to employees. In addition, we are also reviewing our organizational structure to ensure we have the appropriate positions and skill sets to adequately manage our program workload.

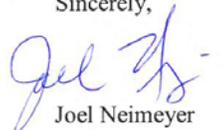
8. *The Commission should revise its standard terms and conditions to more thoroughly communicate federal requirements to grantees.*

Response: We concur with the recommendation. We have already revised our standard terms and conditions (along with a supplementary document titled, "Recipient Guidelines and Requirements") to ensure compliance with 2 CFR 200. Both documents were approved in July of 2015.

9. *The Commission should provide written notification to grantees of past due progress reports and maintain such notification in the official grant file.*

Response: The project database sends out automatic reminders of progress report filing deadlines prior to the due date and also once the due date has passed. In the future program managers will be directed to print out the electronic past due notifications and have the notices filed in the grant folders. Through this process it is expected that the agency will be better at managing the past due report filers.

Sincerely,



Joel Neimeyer
Federal Co-Chair

DENALI COMMISSION

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