



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

INSPECTOR GENERAL

MEMORANDUM

DATE: November 20, 2020

TO: John Torgerson
Interim Federal Co-Chair, Denali Commission

FROM: Roderick Fillinger
Inspector General

SUBJECT: Denali Commission's Compliance with Fiscal Year 2019 Improper Payments Requirements (Report No. 2020.11.3)

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

Under a contract monitored by the Office of Inspector General, SB & Company, LLC (SBC) performed a review to determine the Commission's compliance with Fiscal Year (FY) 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 2019.

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) 2019 reporting on improper payments. We conducted this review to comply with the requirements of the Improper Payments Information Act of 2002 (IPIA) - as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA)-and Office of Management and Budget (OMB) Circular A-123, Appendix C, "Requirements for Effective Estimation and Remediation of Improper Payments," as amended.¹

Our objective was to review the accuracy and completeness of the Commission's reporting, as well as agency performance in reducing and recapturing improper payments, if applicable. Overall, we found that the Commission met the applicable OMB criteria for compliance with IPIA for FY 2019.²

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

This systematic method could be a quantitative evaluation based on a statistical sample, or a qualitative method, such as a risk assessment.⁴ The Commission performed a risk assessment in FY 2019 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 2019 agency financial report. The Commission did not submit its agency financial report to OMB as the audit was completed after the deadline due to a change in the inspector general.

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

² OMB Circular 123, Appendix C, as amended by OMB Memorandum M-15-02 (Oct. 20, 2014), Part 11.A.3. On June 26, 2018, OMB published Memorandum M-18-20, which provided updated guidance to M-15-02 and went into effect starting in FY 2018.

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



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

⁴ Id., Part I.A.9.-Step 1.b.: Systematic Method.

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