

Denali Commission

OFFICE OF INSPECTOR GENERAL
SEMIANNUAL REPORT TO CONGRESS



October 1, 2022-March 31, 2023

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Table of Contents

Message from the Inspector General	4
Executive Summary	5
Denali Commission Overview	5
Oversight Areas	5
Energy Reliability and Security/Bulk Fuel Safety and Security	6
Village Infrastructure Protection	6
Transportation	6
Sanitation	7
Health Facilities	7
Housing	7
Broadband	7
Workforce and Economic Development	7
Completed Works	9
Reporting Requirements	15
Statistical Data	17

Online Report Availability

The Office of the Inspector General (OIG) audits, evaluations, inspections, special review reports, and ongoing work are available at <https://www.denali.gov/office-of-inspector-general/>, as well as at www.oversight.gov.

Information about the federal Inspector General community is available through the Inspectors General Network at www.ignet.gov.

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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, 2022, through March 31, 2023. This report describes the work of the OIG during the reporting period and reflects our responsibility to report independently to Congress and the Commission. The work that is described illustrates the OIG's efforts to promote the efficiency and effectiveness of the Denali Commission and demonstrates the impact that the OIG's work has had on the Commission's programs and operations.

During this reporting period, the Denali Commission, like several other federal agencies, developed plans to make grants from the additional funding received through the Infrastructure Investment and Jobs Act (IIJA). This additional funding presents both challenges and opportunities for much needed infrastructure work that is at the core of the Denali Commission's mission. In a time of continued supply chain and labor force challenges, the Commission continues to invest in projects designed to address critical infrastructure needs while enhancing the quality of life in Alaska's communities, especially in those who have historically been the most economically distressed.

During this period, we issued audit reports and an evaluation on the Commission's compliance with various financial monitoring and reporting obligations. The funding the Commission received under the IIJA for broadband connectivity, workforce development to enhance the skills of rural Alaskan community members, village infrastructure protection, and other economic development services in rural communities to address infrastructure needs also presents additional oversight challenges. I look forward to continuing to work with Commission management to provide oversight as it addresses the challenges identified in the IIJA, as well as the ongoing 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.

The work conducted by the OIG 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. Fostering trust and confidence in the operations of the Commission strengthens the Commission's ability to enter partnership opportunities with federal, state, and local governments and corporations, non-profit organizations, and the Alaskan Federation of Natives and the 229 federally recognized tribes, 141 village corporations, 12 regional corporations, and 12 regional nonprofit and tribal consortiums that contract and compact to run federal and state programs that it represents. By providing oversight to and transparency of Commission activities, the OIG supports this mission. 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, 2022, through March 31, 2023.

Audits and Reviews Highlights

During this reporting period, the OIG issued Top Management and Performance Challenges Facing the Commission in Fiscal Year (FY) 2023 and performed two audits and reviews including: (1) Audit of the Commission's Fiscal Year 2022 Financial Statements; and (2) Audit of the Commission's FY 2022 compliance with FISMA.

On November 14, 2022, the OIG issued a letter on the top management and performance challenges facing the Denali Commission in FY 2023. The OIG identified three challenges: continued enhancement of information systems and cybersecurity, including implementation of trusted internet connections;(2) long term grants monitoring and annual evaluation plan to demonstrate the value of the Commission; and (3) strategic human capital management, including succession planning.

SB & Company, LLC (SBC), under contract with the OIG, completed an audit of the Commission's FY 2022 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 2022 compliance with FISMA.

Looking Ahead

The OIG plans to complete the following audits and reviews during the second half of FY 2023:

1. Audit of the Commission's FY 2023 financial statements;
2. Audit of the Commission's FY 2023 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. Audit of the Commission's compliance with the DATA Act for fiscal year 2023;
6. Review of FY2022 improper payment reporting.

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.

OVERSIGHT AREAS

Energy Reliability and Security/Bulk Fuel Safety and Security

Recognizing the critical role energy plays in the quality of life and economic development of Alaska's rural communities; the Denali Commission has made energy and bulk fuel its primary infrastructure theme since it was created in 1998. The types of projects currently being funded include 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 (AEA), Alaska Village Electric Cooperative (AVEC), and Alaska Native Tribal Health Consortium to prioritize projects based on need. Other key partners include the US Department of Energy – Office of Indian Energy, US Department of Agriculture – Rural Utilities Service, State of Alaska Department of Commerce, Community and Economic Development, and Rural Alaska Fuel Services.

Village Infrastructure Protection

The goal of the VIP Program is to mitigate the impact of erosion, permafrost thaw, and flooding threats with respect to safety, health, and the protection of infrastructure. In fiscal years 2016 through 2020 the agency invested a total of just under \$40 million of its discretionary program funds for VIP related initiatives; primarily in support of the four most vulnerable communities identified in GAO Report 09-551 (Newtok, Kivalina, Shaktoolik, and Shishmaref). Program development funding has also been allocated to statewide initiatives such as establishing the technical-assistance Center for Environmentally Threatened Communities (CETC), conducting a coastal infrastructure erosion vulnerability assessment, hazard mitigation plans (HMPs), project designs stemming from HMPs, emergency drills & exercises, and publishing a Catalog of Federal Programs. The Commission has worked directly with 18 communities on VIP efforts - and 13 other communities assisted through Dept of Homeland Security and Emergency Management (DHS&EM/DMVA) for Hazard Mitigation and Small Community Emergency Response Planning, seven more through YKHC for health clinic permafrost-affected foundation repair, and other statewide mapping, reporting, and prototype efforts.

Transportation

The Transportation Program aids rural Alaskan communities in developing or improving transportation infrastructure. The roads portion of the program targets basic roads and trail projects, drainage, bridge, and safety development and improvements. The waterfront portion of the program addresses port, harbor, barge landings and other rural waterfront needs. The Commission's Transportation Advisory Committee (TAC) is the body that advises the Federal Co-Chair on transportation needs in rural Alaska and evaluates project applications.

Sanitation

The Indian Health Service, Environmental Protection Agency, and State of Alaska Department of Environmental Conservation have historically been the lead agencies for the design and construction of sanitation facilities in rural Alaska. However, over the years the Commission has contributed approximately \$34 million for various projects, primarily village washeterias.

Health Facilities

The Health Facilities program funds the design, construction, and improvements of primary care clinics throughout rural Alaska and has supported other new hospital projects in Nome and Barrow, behavioral health facilities, and rural Emergency Medical Services.

Housing

The Housing program funds the design and construction of senior housing, long-term care facilities, teacher housing, domestic violence shelters, and adolescent residential treatment facilities.

Broadband

The Broadband program intends to implement, expand, and extend infrastructure to reduce the cost of connecting unserved and underserved areas in Alaska, as well as coordinate efforts on strategy, plans, and asset mapping for increasing eligibility of the state.

Workforce and Economic Development

The Workforce and Economic Development program supports construction training with the intent to increase local hire on capital projects being funded by the Commission and others, leading to improved economic conditions in rural villages. Developing administrative and technical capabilities in rural communities increases long term employment opportunities, and such training extends the useful life of infrastructure constructed in rural Alaska. This program also focuses on projects and initiatives that support overall economic conditions in rural communities.

The Commission works with various program partners that include other federal agencies, the state of Alaska, Alaskan Native groups, and several non-profit organizations throughout the state of Alaska.

The Commission's approved FY 2023 work plan includes funding for each of these programmatic areas. The work plan also includes programmatic funding for grants consistent with the Commission's mission not specifically addressed by one of the other program areas.

Organization

The Commission is organized into three direct components: Programs, General Counsel, and Financial Operations.

OFFICE OF THE INSPECTOR GENERAL

The Office of the 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 transparency 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 one audit.

COMPLETED WORKS

Top Management and Performance Challenges Facing the Denali Commission in FY 2023

On November 14, 2022, the OIG issued their report on the top management and performance challenges facing the Commission in FY 2022. The OIG identified four challenges: (1) *continued enhancement of information systems and cybersecurity, including implementation of trusted internet connections*; (2) *long term grants monitoring and annual evaluation plan to demonstrate the value of the Commission*; and (3) *strategic human capital management, including succession planning*.

Continue Enhancement of Information Systems and Cybersecurity, Including Implementation of Trusted Internet Connection. The Commission continues to adapt its network to meet changing security needs while also providing the necessary technological resources and tools to its staff and stakeholders to conduct its mission in a remote working environment. Several security enhancements to the network and applications in use on the network were strengthened during this past fiscal year. The Commission continues to aggressively address the opportunities for strengthening the overall security of its information technology systems identified in the Federal Information Security Management Act (FISMA) audit.

The challenges continuing to confront the Commission arise from the difficulties in applying the requirements of FISMA to a micro-agency like the Commission. Both in terms of human capital and technological resources, implementation costs of all the necessary security measures and programs to achieve a maturity level of “five” – “Optimized,” exceed the resources currently available. This scarcity is not limited to Commission resources. It also arises from the lack of technological and communication infrastructure available geographically within Alaska. The Commission has, however, defined the necessary information security and systems needed to continue improving while managing the risks inherent in its systems. The challenge confronted is managing risk at an acceptable level and identifying the available systems and available technology to improve cybersecurity and information systems without any diminution to the Commission’s ability to fulfill its mission.

A significant challenge that remains is that of implementing the trusted internet connections (TIC) initiative. Under OMB M-19-26, Update to the Trusted Internet Connections (TIC) Initiative, which required Chief Information Officers at agencies to maintain an accurate inventory of agency network connections, including details on the service provider, cost, capacity, traffic volume, logical/physical configurations, and topological data for each connection in the event OMB, DHS, or others request this information to assist with government-wide cybersecurity incident response or other cybersecurity matters. We understand through discussions with management that the Commission has twice extended requests for proposals seeking a contractor to provide the necessary infrastructure and expertise to meet this requirement. Under the Denali Commission Act of 1998, section 305, Powers of the Commission, allows the Commission to secure directly from any Federal department or agency such information as it considers necessary to carry out the provisions of this Act, including providing information to the Commission and procuring services and personnel from other Federal agencies. We recommend the Commission consider using this authority to request assistance from other Federal agencies who have already implemented TIC within the geographical

boundaries of Alaska to assist the Commission in implementing the requirements. Additionally, the Commission should document the formal requests for such assistance to document the efforts of the Commission that went to comply with the requirements of the initiative. Lastly, we recommend the Commission issue periodic RFPs until such time that a vendor responds to provide such services.

Long Term Grants Monitoring and Annual Evaluation Plan to Demonstrate the Value of the Commission. In 1998, the Denali Commission Act established the Commission as a federal agency with the statutory purpose of providing to rural areas of Alaska job training and economic development services, rural power generation and transmission facilities, modern communications systems, water and sewer systems, and other infrastructure needs. The Commission has awarded more than \$2 billion in federal grants to help develop remote communities, funding more than 1,400 projects across various programs, including energy, transportation, and health care. Between FYs 2004 and 2008, on average the Commission received nearly \$130 million in total funding per fiscal year. Since then, the Commission experienced a significant decrease in funding in recent fiscal years, from receiving about \$141 million in FY 2006 to about \$25 million in FY 2019, a decrease of approximately 82 percent. This reduced level of funding has been reversed in the recently passed infrastructure bill providing for a one-time appropriation of \$75 million.

With both the increase in funding and the expanded scope of potential grant-funded endeavors, the Commission faces the challenge of determining the most strategic, cost-effective, and impactful manner to carry out its mission. The Commissioners are considering alternative approaches. The challenge will be to identify the presence of current risks, as well as the possibility of new risks moving forward. The challenge is also presented to have adequate human capital capacity to effectively manage the program. Measuring the extent to which the Commission has sufficient staff, knowledge, and technical skills to effectively meet its program goals must be part of any programmatic implementation. A lack of training and skill could adversely limit appropriate grant oversight.

Additionally, the Commission should be aware of risks, emerging issues, or new challenges that this growth creates for state partners and grantees that could negatively impact program performance. The Commission should have a framework to continually assess, identify and monitor risk in the performance of its grant management activities to ensure that grantees have, and maintain, the necessary capacity to effectively administer larger or more numerous awards to achieve program goals.

An annual evaluation plan would assist Commission management in demonstrating the effectiveness of the grants selected for funding and the value of the Commission. Effectively, what the Commission needs to be able to demonstrate is that the Commission's experience with a wide variety of solutions to economic and environmental issues throughout Alaska and the Arctic Circle, provides American taxpayers with a significant return on investment through the continued and even enhanced funding of the Commission.

One example of how this demonstration might be made is through a cost benefit analysis showing the expense of other Federal agencies completing work in Alaska without the coordination and expertise of the Commission. Through MAP 21 authority, the Commission has begun to spend budgetary resources on behalf of other Federal agencies. While this is a good first step, management should continue to actively pursue these opportunities. Management should also consider the development of performance metrics to show the value the

Commission can provide. For instance, developing what would be the additional costs another Federal agency would have had to incur to be able to implement programs that the Commission could implement on their behalf. Further metrics could include how the Commission was better able to leverage knowledge and experience to make the budgetary dollars go further. In other words, the Commission was able to do more because of presence and knowledge. This in turn could be described to other agencies on the value of being able to do more with less by employing the Commission.

Further, the Commission should leverage its current Grants Monitoring process to provide statistics on the positive impact of previous grants. The Commission should consider performance benchmarking analysis of other grant making agencies within the Federal government. Through consideration of this bench-marking process, the Commission can highlight what it does best and develop improvement plans for areas that the Commission is falling behind. We recommend the development of bench-marking attributes to mirror the items included in its considered course of actions.

Strategic Human Capital Management. This challenge relates to management’s stewardship of its human capital. With respect to the Commission’s staff, a significant management challenge is maintaining a 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. 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 for 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. This is a challenge in a unique way for a Commission as small as the Denali Commission because of the need to rely upon single individuals for several areas of expertise and mission delivery.

Succession planning particularly presents a management challenge considering the size of the Commission and the limits placed statutorily upon administrative expenses. Management should consider documentation of various duties of positions in the Commission to facilitate knowledge transfer and minimize the loss of intellectual capital that leaves with departed employees in the future. As part of the documentation process, management should consider developing succession planning for each function within the organization. This documentation could help the transition process as new members are brought up to speed on core duties. Additionally, this documentation would reduce the amount of “institutional knowledge” that leaves the organization. We note that there are only two members of the Finance group. If either of these two people were to leave the Commission, management would likely be overwhelmed, and with limited remaining staff internal controls deficiencies would arise. Specifically, there would be a segregation of duties issue that could be created such that the Commission would be more susceptible to accounting errors or misappropriation of assets (both internal and external). While we are specifically addressing our concerns related to the finance function of the Commission, the diminishing staff and related internal control impact will affect all areas of the Commission (grant origination, grants monitoring, etc.). Documentation and

development of succession planning can facilitate long term strategic planning (see Management Challenge 2).

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) 2022 Financial Statements

SBC completed an audit of the Commission's FY 2022 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 2022 Compliance with FISMA

SBC completed an audit of the Commission's FY 2022 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*.

ONGOING/PLANNED AUDITS AND MANAGEMENT REVIEWS

Audit of the Denali Commission's Fiscal Year (FY) 2023 Financial Statements

SBC is currently performing an audit of the Commission's FY 2023 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 2023 Compliance with FISMA

SBC is currently performing an audit of the Commission's FY 2023 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 memorandums.

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. The IPA shall 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 2022 Improper Payments Requirements

SBC is currently performing the review of the Commission’s compliance with FY2022 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.

Audit of the Commission’s Implementation of Privacy and Data Protection Policies

SBC is currently performing an audit of the Commission’s implementation of privacy and data protection policies. The objective of the audit was to assess the Commission's implementation of its privacy program in accordance with federal law, regulation, and policy. Specifically, the audit was to determine whether the Commission implemented comprehensive privacy and data protection policies and procedures governing the Commission's collection, use, sharing, disclosure, transfer, storage and security of information in an identifiable form relating to Commission employees and the public.

ADMINISTRATIVE REVIEWS

No administrative reviews were performed during this reporting period.

INVESTIGATIONS

The Commission OIG receives and investigates allegations of fraud, waste, abuse and misconduct within Commission programs and operations. 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 no ongoing investigations.

OIG Hotline

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 five 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, Inspections and Evaluations, and Investigations Committees of CIGIE, as well as the Infrastructure Working Group formed to oversee implementation of the Bipartisan Infrastructure Bill and the National Defense Authorization Act Section 5274 Working Group. 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 Leadership & Mission Support 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	20
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)	17
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)	17
Section 5(a)(7)	Summary of significant reports	9
Section 5(a)(8)	Statistical table – Reports with questioned costs (Table 3)	18
Section 5(a)(9)	Statistical table – Recommendations that funds be put to better use (Table 4)	18
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)	19
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	23
Section 5(a)(17)	Statistical Table – Investigative Reports / Summary of Investigative Activity for the Reporting Period of October 1, 2022, to March 31, 2023 (Table 6)	19
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	23
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	24

First Half of FY 2023 Freedom of Information Act Requests

Activity	Total
Number of Freedom of Information Act (FOIA) Requests Received	0
Number of FOIA Requests Processed	0
Number Granted	
Number Partially Granted	
Number Not Granted	
Reasons for Denial	
No Records Available	
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 i Response to Requests	

Investigations Statistical Highlights for this Period

Table 1. Reports from Previous Periods with Unimplemented Recommendations

Report Title	Unimplemented Recommendations
Results of the Evaluation of the FY 2021 Denali Commission Federal Information Security Modernization Act of 2014 Reporting Metrics	Test the contingency plan annually to allow the Commission to effectively respond to incidents and disasters, and to identify any additional information that should be included in the plan to comply with NIST SP 800-34; NIST SP 800-53 REV. 4: CP-3 and CP-4; FY 2021 CIO FISMA Metrics, Section 5; CSF: ID.SC-5 and CSF: PR.IP-10.

Table 2. Listing of Reports Issued

Report Number	Subject Matter	Issue Date	Report Title	Questioned Cost	Unsupported Cost	Funds Put to Better Use
2023.03	Top Management Challenges	11/14/22	Top Management and Performance Challenges for Fiscal Year 2023	\$0	\$0	\$0
2023.02	Audit	11/14/22	FY 2022 Financial Statements Audit	\$0	\$0	\$0
2023.04	Audit	02/07/23	Audit on the Commission's Compliance with FISMA	\$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, 2022, to March 31, 2023

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

Investigative Caseload	Number
Cases Open at Beginning of Period	0
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	0
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:

H.R. 140 – PROTECTING SPEECH FROM GOVERNMENT INTERFERENCE ACT

This bill was introduced by Representative James Comer (R-KY) on February 28, 2023. It passed the House on March 9th and was received in the Senate and referred to HSGAC on March 14th. The bill prohibits Federal employees from censoring the speech of others while acting in an official capacity. Section 3 of the Congressional Findings of the bill state that IGs “should not less than annually for the next seven years publicly report the number of complaints and tips received, the number of investigations opened, and statistics on how investigations were managed and their disposition” by that IG related to compliance with this legislation.

H.R. 1162 – ACCOUNTABILITY FOR GOVERNMENT CENSORSHIP ACT

This bill was introduced by Representative Scott Perry (R-PA) on February 24, 2023. It requires the Office of Management and Budget (OMB) to report to Congress on actions taken by executive branch employees to censor lawful speech. The bill mandates the head of each agency to submit a report to the Director of OMB listing each instance during the 5-year period immediately preceding the date of enactment that an officer or employee of the agency communicated with a platform owned and operated by the Federal government regarding the censorship of speech. OMB would then submit a report to Congress including the information on these communications.

The bill also requires, within 210 days after enactment, the IG to conduct a review of the agency’s compliance with this legislation and submit a report on the compliance to HSGAC and COA. If the IG finds an agency to be noncompliant, the agency must brief HSGAC and COA within 60 days after the IG submits the report to Congress.

S. 812 – BONUSES FOR COST-CUTTERS ACT OF 2023

This bipartisan bill was introduced by Senators Rand Paul (R-KY) and Michael Bennet (D-CO) on March 15, 2023, and was referred to HSGAC. Currently, federal law allows an agency’s IG or other agency employee to pay bonuses up to \$10,000 of savings realized when a federal employee identifies

waste, fraud, or mismanagement of funds. This bill would expand these categories to include identification of surplus salaries and expenses funds.

The bill requires the IG or other agency employee to refer to the Chief Financial Officer of the agency any potential surplus salaries and expenses funds identified by an employee along with any recommendations of the IG or other agency employee. The bill also requires the IG or other agency employee and Chief Financial Officer to issue standards and definitions for purposes of making determinations relating to potential surplus salaries and expenses funds identified by an employee.

S. 659 – ADMINISTRATIVE FALSE CLAIMS ACT OF 2023

This bipartisan bill was introduced by Senators Chuck Grassley (R-IA) and Richard Durbin (D-IL) on March 6, 2023. On March 30, 2023, the bill passed the Senate without amendment by Unanimous Consent. The bill would update PFCRA to:

- raise the jurisdictional limit for administrative recoveries of false or fraudulent claims from \$150,000 to \$1,000,000.
- allow PFCRA recovery for “reverse false claims” cases in which a party withholds information material to that party’s obligation to pay the Government.
- revise the statute of limitations language in the PFCRA to be consistent with the False Claims Act.
- add a definition of “material” that is similar to the False Claims Act.
- increase efficiency of DOJ processing of PFCRA referrals.
- revise the definition of hearing officials.

Additionally, the bill would:

- allow agencies and OIGs to retain PFCRA recoveries relating to costs of supporting the investigation or a prosecution of a PFCRA action.
- enact new transparency requirements for agencies that would result in various PFCRA metrics being published in the OIG semiannual reports.
- require agency heads to promulgate or update regulations and procedures to carry out PFCRA within 180 days of enactment.

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 one prior significant unimplemented recommendation:

2021-4: Test the Contingency Plan annually to allow the Commission to effectively respond to incidents and disasters, and to identify any additional information that should be included in the plan to comply with NIST SP 800-34; NIST SP 800-53 REV. 4: CP-3 and CP-4; FY 2021 CIO FISMA Metrics, Section 5; CSF: ID.SC-5 and CSF: PR.IP-10.

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.

On February 3, 2022, the Commodity Futures Trading Commission Office of Inspector General (CFTC OIG) completed a modified peer review of the OIG. In its report, the CFTC OIG concluded that the OIG monitored the independent public accountants work that was planned in accordance with Generally Accepted Government Auditing Standards. The CFTC OIG issued one comment to the OIG which did not alter the CFTC OIG conclusion. There are no outstanding recommendations from this report. The next peer review will be conducted in the second half of fiscal year 2024 in accordance with the peer review schedule set by CIGIE. A copy of the report is available [here](#) on the OIG's website.

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. During this reporting period, our office performed a peer review of the Peace Corps Office of Inspector General for the year ended September 30, 2022. We issued our report to the Acting Inspector General of the Peace Corps on March 27, 2023.

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 are no closed inspection, evaluation or audit reports not publicly disclosed. Similarly, there are no investigations involving a senior government employee that were not disclosed to the public.