

# Denali Commission

OFFICE OF INSPECTOR GENERAL  
SEMIANNUAL REPORT TO CONGRESS



April 1, 2023-September 30, 2023

# Denali Commission

OFFICE OF INSPECTOR GENERAL  
SEMIANNUAL REPORT TO CONGRESS



April 1, 2023-September 30, 2023

## 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	5
Village Infrastructure Protection	6
Transportation	6
Sanitation	6
Health Facilities	6
Housing	6
Broadband	7
Workforce and Economic Development	7
Completed Works	9
Reporting Requirements	11
Statistical Data	13

## 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](http://www.oversight.gov).

Information about the federal Inspector General community is available through the Inspectors General Network at [www.ignet.gov](http://www.ignet.gov).

Public reports from all federal Inspectors General who are members of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) are available at [www.oversight.gov](http://www.oversight.gov).

## FROM THE INSPECTOR GENERAL

I am pleased to present this Semiannual *Report to Congress* for the period of April 1, 2023, through September 30, 2023. This report is issued in accordance with the Inspector General Act of 1978, as amended, and describes the work of the Office of Inspector General (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, continued its work in issuing Funding Opportunity Announcements (FOA) for both regular program funds and funds made available under the Infrastructure Investment and Jobs Act (IIJA), reviewing grant applications, and overseeing grant awards. 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 reporting period the Commission also welcomed a new program manager dedicated to transportation infrastructure matters.

During this period, we issued, utilizing the contractual services of SB & Company, LLC (SBC), an Audit of the Commission's Purchase Card Program and Risk Assessment and Audit of the Commission's Compliance with IPERA. 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 April 1, 2023, through September 30, 2023.

### *Audits and Reviews Highlights*

During this reporting period, the OIG performed, through its contract with SB & Company, LLC (SBC), two audits and reviews including: (1) Audit of the Commission's Purchase Card Program and Risk Assessment and (2) Audit of the Commission's Compliance with IPERA.

### *Looking Ahead*

The OIG plans to complete the following audits and reviews during the first half of FY 2024:

1. Audit of the Commission's FY 2023 financial statements;
2. Audit of the Commission's FY 2023 compliance with FISMA;
3. Review of Commission's compliance with section 522 of the Consolidated Appropriations Act, 2005, as amended, for privacy and data protection procedures and policies;
4. Audit of the Commission's compliance with the DATA Act for fiscal year 2023;

## 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.

---

Office of Inspector General Activities

During the semi-annual period, the OIG completed two audits.

## COMPLETED WORKS

### **Audit and Risk assessment of the Denali Commission's Charge Card Program**

SBC completed an audit and risk assessment of the Commission's charge card program in accordance with the *Government Charge Card Abuse and Prevention Act of 2012* noting no issues.

### **Review of the Denali Commission's Compliance with FY 2022 Improper Payments Requirements**

SBC performed a 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 noting no issues.

## 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*.

### **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 Commissions' 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.

### **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 12 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 Small/Unique IG Working Group. The IG attended regular meetings of the Council of the Inspectors General on Integrity and Efficiency (CIGIE), the Council of Counsels to Inspectors General (CCIG), 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.

<b>Reference</b>	<b>Reporting Requirements</b>	<b>Page</b>
<b>Section 4(a)(2)</b>	Review of legislation and regulations	16
<b>Section 5(a)(1)</b>	Significant problems, abuses, and deficiencies relating to the administration of programs and operations	None
<b>Section 5(a)(2)</b>	Recommendations with respect to significant problems, abuses, or deficiencies	None
<b>Section 5(a)(3)</b>	Significant recommendations included in previous reports on which corrective action has not been taken (Table 1)	13
<b>Section 5(a)(4)</b>	Matters referred to prosecutive authorities	None
<b>Section 5(a)(5)</b>	Summary of instances where information was refused	None
<b>Section 5(a)(6)</b>	Listing of reports by subject matter (Table 2)	13
<b>Section 5(a)(7)</b>	Summary of significant reports	9
<b>Section 5(a)(8)</b>	Statistical table – Reports with questioned costs (Table 3)	14
<b>Section 5(a)(9)</b>	Statistical table – Recommendations that funds be put to better use (Table 4)	14
<b>Section 5(a)(10)</b>	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)	15
<b>Section 5(a)(11)</b>	Description and explanation of significant revised management decisions	None
<b>Section 5(a)(12)</b>	Significant management decisions with which the Inspector General disagrees	None
<b>Section 5(a)(13)</b>	Information under section 804(b) of the Federal Financial Management Improvement Act of 1996	None
<b>Section 5(a)(14)(15)(16)</b>	Peer review activity on OIG and Peer review activity by OIG on another OIG	19
<b>Section 5(a)(17)</b>	Statistical Table – Investigative Reports / Summary of Investigative Activity for the Reporting Period of October 1, 2022, to March 31, 2023 (Table 6)	15
<b>Section 5(a)(18)</b>	Description of metrics used for developing the data for the statistical table under Section 5(a)(17)	None
<b>Section 5(a)(19)</b>	Report on each investigation involving a senior Government employee where allegations of misconduct were substantiated	20
<b>Section 5(a)(20)</b>	Description of whistleblower retaliation	None
<b>Section 5(a)(21)</b>	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
<b>Section 5(a)(22)</b>	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	20

---

## Second Half of FY 2023 Freedom of Information Act Requests

Activity	Total
Number of Freedom of Information Act (FOIA) Requests Received	2
Number of FOIA Requests Processed	1
Number Granted	
Number Partially Granted	
Number Not Granted	
Reasons for Denial	
No Records Available	1
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
	Audit	07/18/23	Review of the Denali Commission's Compliance with FY 2022 Improper Payments Requirements	\$0	\$0	\$0
	Audit	07/18/23	Audit and Risk Assessment of the Denali Commission's Charge Card Program	\$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)	<b>0</b>	<b>\$0</b>	<b>\$0</b>
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)	<b>0</b>	<b>\$0</b>
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**

<b>Fiscal Year</b>	<b>Number of Reports with Unimplemented Recommendations</b>	<b>Number of Unimplemented Recommendations</b>	<b>Dollar Value of Aggregate Potential Cost Savings</b>
<b>0</b>	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.

<b>Investigative Caseload</b>	<b>Number</b>
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.

<b>Criminal and Civil Investigative Activities</b>	<b>Number</b>
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:

#### **S. 2251 and H.R. 4552 - Federal Information Security Modernization Act of 2023**

The Senate bill was introduced by Senators Gary Peters (D-MI) and Josh Hawley (R-MO) on July 11, 2023. The bill generally amends 44 U.S.C. 3553 to require the Director of the Cybersecurity and Infrastructure Security Agency (CISA) to make available Federal risk assessment information to the Inspector General of the Department of Homeland Security and to the OIG; Require the head of each agency to coordinate with the Inspector General of each agency to ensure consistent understanding of agency policies; Require the OMB Director to issue guidance within 1 year of the enactment of the Act that requires Agency Heads to notify reporting entities (including OIGs) of any agency incidents that are likely to substantially affect the confidentiality or integrity of reported information provided by those entities; and Require CIGIE to include, as part of oversight.gov, a dashboard of open information security recommendations identified in independent evaluations of agency information security programs required by 44 U.S.C. 3555.

[H.R.4394](#) - Energy and Water Development and Related Agencies Appropriations Act, 2024

Sponsor: Rep. Fleischmann, Charles J. "Chuck" [R-TN-3] (Introduced 06/30/2023)

**Related Bill:** S.2443

#### **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.

### **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 first 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.