Denali Commission
Agency Financial Report (AFR)
Fiscal Year 2015

510 L Street, Suite 410
Anchorage, AK 99501
Phone: (907) 271-1414
Toll Free: 888-480-4321
www.denali.gov

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Denali Commission Performance and Accountability Report, Agency Financial Report Fiscal Year 2015.
Anchorage, AK., November 2015

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Denali Commission
ATTN: Sabrina Cabana, Public Information Specialist
510 L Street, Suite 410
Anchorage, AK 99501
Telephone: 907-271-1414
Toll Free: 888-480-4321

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November 4, 2015

Enclosed is the Denali Commission Fiscal Year (FY) 2015 Agency Financial Report (AFR). The AFR represents the first of a three-part Performance and Accountability Report (PAR) for the agency. The Denali Commission (Commission) has presented performance and accountability data and analysis in three parts for the past several years in an effort to increase the accessibility and clarity of this information to stakeholders – the Executive Branch, Congress, constituents, and the general public.

The AFR acquaints readers with the Commission's mission, goals and accomplishments. It also reviews the organizational structure, operations, budget authority and the programmatic applications and results of federal appropriations for FY 2015.
Since the inception of the Denali Commission in 1998, the agency has concentrated on its mission to work with partners to develop basic public infrastructure, opportunity, and quality of life in Alaska communities. To progress toward this mission, the Commission has formulated three major goals:

- To modernize and develop stronger and sustainable infrastructure in rural Alaska
- To promote the resiliency of rural Alaska communities
- To fortify accountability policies and procedures

As we tell the narrative of the Commission for FY 2015, what becomes apparent is the agency's abiding commitment to the improvement of the quality of life of rural Alaskans.

The budget authority of the Commission has decreased steadily over the past ten years to the point that the current agency appropriations are 10% in the agency's second decade compared to its first decade. This has resulted in two significant changes for the agency.

First, is a change in the staffing profile and the second is a change in the agency portfolio of work. In the past four years permanent agency staff has been cut in half. When staff positions are vacated due to natural attrition they typically have not been refilled. Duties and responsibilities are moved to other remaining staff; making position descriptions more generalist in nature. Concurrently, subject matter experts for intermittent positions have been hired. These individuals are assigned periodic tasks and when completed they stand down until another assignment is provided. This process is designed as a means to making the agency a "think tank" on best business practices for rural Alaska infrastructure, economic development and workforce training.

In 2011 the agency held listening sessions around Alaska to identify what it should be doing in its second decade. A number of recommendations were made, but two stood out. The first was to address the high cost of energy in rural Alaska. Electricity and heating fuel costs have increased three-fold in the past 10 years. The second was that rural villages need technical assistance in developing and maintaining infrastructure projects, repairs and renovations to existing structures and utilities.

Message from the Federal Co-Chair

The second significant agency change is underway as investments and resources are transitioned to address these two recommendations. In addition to undertaking new work with the help of program partners and Commission subject matter experts the completion of dozens of active training, health and transportation projects is underway. The Commission's goal is to operate where there are gaps in service and to complement, but not duplicate, the work of other Federal and State agencies.

Two years ago Congress passed the Moving Ahead for Progress in the 21st Century (MAP-21) legislation (P.L. 112-141). MAP-21 provides the Commission authority to accept conditional gifts from other federal or non-federal organizations. This ability to accept and administer other agencies' program funds offers an opportunity both to other agencies and to the Commission. The first MAP-21 initiative is a partnership with the Department of Health and Human Services, Administration for Children and Families (ACF), which manages a Grants Center of Excellence (COE). ACF and the Commission are working together to ease the pathway of entry to the COE for smaller agencies. The COE provides top of the line grants management lifecycle software and services to 'larger' agencies across the Federal government. Agencies that use the COE's toolsets realize improved efficiencies in all 14 defined stages of the Grants Management lifecycle. To date, these services required a level of funding that smaller agencies have not been able to justify. The partnership between the Commission and ACF will allow small agencies to access the COE at a rate where a return on investment can be realized.

As noted above, the Commission's Energy Program, which continues to receive funding through the Energy & Water Appropriation, is undergoing transition. The Commission is transitioning from large energy infrastructure projects to having a more comprehensive review of high energy consumers in Alaska villages, and seeking solutions to the communities' energy issues. The development of a community scale energy efficiency model is a top priority for the agency. Given the high cost of energy, a number of rural organizations are carrying out weatherization and energy efficiency improvements. These efforts are not often coordinated on a community scale; which could result in significant reduction in energy use. The challenge is getting the financing in place at the same time for the myriad of different building owners and stakeholders. Other investments are being made to identify tools and strategies to lower energy usage in rural villages.

Also in FY2015 the Commission and the Department of Commerce – Office of Inspector General (DOC-OIG) entered into a five-year shared services agreement for the placement of a senior DOC-OIG staffer as the Commission's Inspector General. The selection process calls for the DOC-OIG to nominate one of his staff and then for the seven Commissioners for the agency to accept the nomination. On July 28, 2015 Mr. David Sheppard with the DOC-OIG was selected as the Inspector General for the Commission.

As the Federal Co-Chair of the Denali Commission, it is my pleasure to present this AFR to the public, our partners, and policymakers. I attest to the reliability and completeness of financial and performance data in this report, and can confirm that our annual audit has identified no material internal weaknesses. (You are welcome to review the entire audit, which is contained in this document.)

Joel Neimeyer

Management Discussion and Analysis

Overview of the Denali Commission

In 1998, national attention was focused on the immense infrastructure and economic challenges faced by rural Alaskan communities by the passing of the Denali Commission Act (the full text of which is available on the Denali Commission website at https://www.denali.gov/about-us#act. The Act became law on October 21, 1998 (Title III of Public Law 105-277, 42 USC 3121) establishing the Denali Commission (Commission) as an independent federal agency that acts as a regional commission focusing on the basic infrastructure needs of rural Alaska. Working as a federal-state-tribal-local partnership, the Commission provides critical utilities, infrastructure and promotes economic growth in the rural areas of the state. The agency also coordinates and streamlines federal program efforts in rural Alaska, and better leverages federal investments. By creating the Commission, Congress intended for those involved in addressing the unique infrastructure and economic challenges faced by America's most remote communities to work together in new ways to make a lasting difference.

Management Discussion and Analysis

Vision, Mission and Organizational Structure

Vision

Alaska will have a healthy, well-trained labor force working in a diversified and sustainable economy that is supported by a fully developed and well-maintained infrastructure.

Mission

The Denali Commission works with partners to develop basic public infrastructure, opportunity, and quality of life in Alaska communities.

Goal Areas

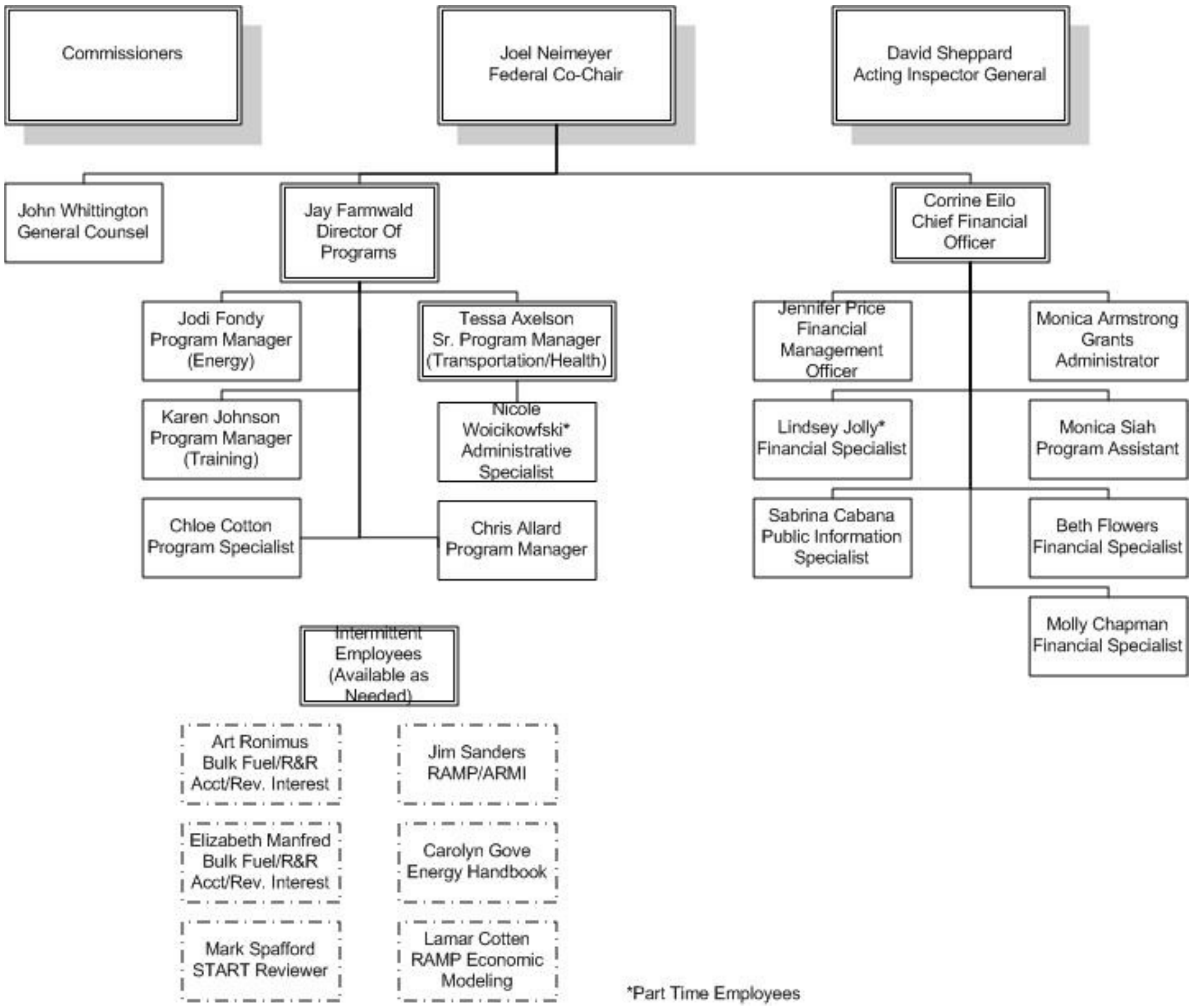
The Commission works toward the accomplishment of the mission by focusing on these goal areas:
- Modernize and develop stronger and sustainable infrastructure in rural Alaska
- Promote the sustainability of rural Alaska communities
- Fortify accountability policies and procedures

Staffing

The Commission is staffed by a small number (less than 25) of employees. The Commission relies upon a special network of federal, state, tribal, local, and other organizations to successfully carry out its mission. Staffing changes during FY 2015 included hiring one part-time subject matter expert in the areas of rural infrastructure development and maintenance. This subject matter expert was hired as part-time, on-demand, fixed-term employees. Several full time employees were hired in FY 2015 including the Director of Programs, General Counsel, two Financial Specialists, and one Program Manager. As of September 2015, the Commission had 15 full-time equivalent positions.

Management Discussion and Analysis

Organizational Chart



Management Discussion and Analysis

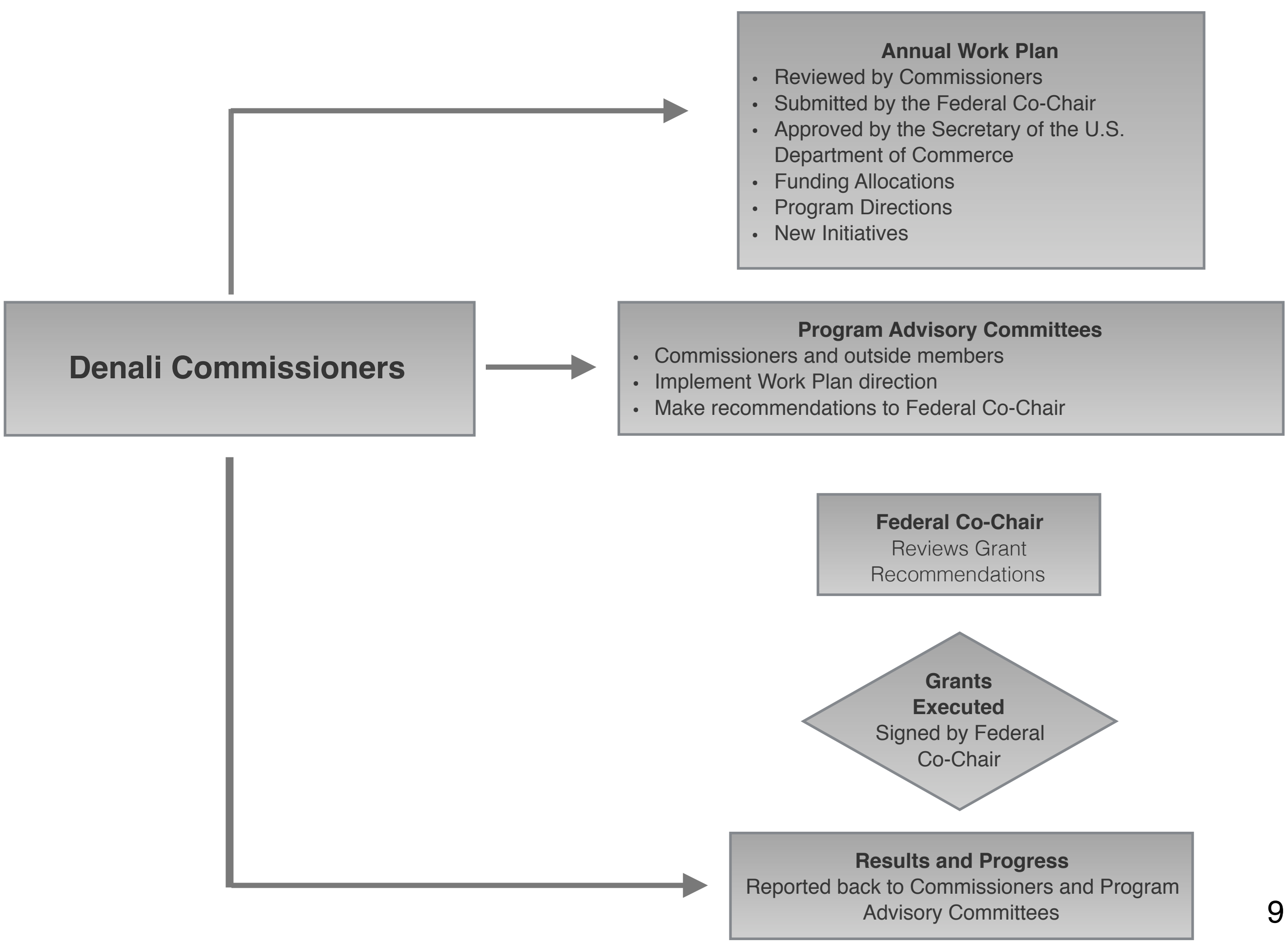
Denali Commissioners

The Denali Commission Act designates seven leading Alaskan policy makers by position to form a team as the Denali Commissioners:

- Federal Co-Chair, appointed by the U.S. Secretary of Commerce
- The Governor of Alaska, who serves as the State Co-Chair*
- President of the University of Alaska
- President of the Alaska Municipal League
- President of the Alaska Federation of Natives
- Executive President of the Alaska AFL-CIO
- President of the Associated General Contractors of Alaska

Commissioners meet at least twice a year to develop and monitor annual work plans that guide the agency's activities. Commissioners draw upon community-based comprehensive plans as well as comments from individuals, organizations and partners to guide funding recommendations. This approach helps provide basic services in the most cost-effective manner by moving the problem solving resources closer to the people best able to implement solutions.

* The Governor has delegated this authority to the Lieutenant Governor.



Management Discussion and Analysis

Work Plan

The Denali Commission Act outlines specific duties of the Commission primarily focused upon the development and implementation of an annual work plan. The Commission must develop an annual work plan that solicits project proposals from local governments and other entities and organizations; and provides for a comprehensive work plan for rural and infrastructure development and protection.

This proposed plan is submitted to the Federal Co-Chair for review who then publishes the work plan in the Federal Register, with notice and a 30 day opportunity for public comment.
The Federal Co-Chair takes into consideration the information, views, and comments received from interested parties through the public review and comment process, and consults with appropriate Federal officials in Alaska including, but not limited to, the Bureau of Indian Affairs, the Department of Housing and Urban Development, Economic Development Administration, and United States Department of Agriculture Rural Development.

The Federal Co-Chair then provides the plan to the Secretary of Commerce who issues the Commission a notice of approval, disapproval, or partial approval of the plan.

The Fiscal Year 2015 Work Plan

Following the normal course of events described above, Commissioners initially submitted the FY 2015 proposed work plan to the Federal Co-Chair in September 2014. That proposed work plan was published for 30 days in the Federal Register on May 29, 2015 and public comments were solicited. No comments were received, and the Plan was submitted to the Secretary of Commerce. The Secretary of Commerce approved the Work Plan on August 7, 2015.

The FY 2015 Work Plan outlined the Commission's intentions to allocate $10.8 million to the Energy Program and approximately $3.2 million for administrative costs.

The full FY 2015 Work Plan can be found in the Other Accompanying Information section of this document.

Management Discussion and Analysis

Summary of Performance

In FY 2015 no project specific earmarks were provided in any appropriations to the Commission. The Energy and Water Appropriations (commonly referred to as Commission "Base" funding) are no-year funds eligible for use in all programs.

While the Base funds may be applied to any Commission program area, all other appropriations and transfers are restricted. Where restrictions apply, the funds may be used only for specific program purposes.

A comprehensive discussion of all FY 2015 program activities and performance will be provided in the Annual Performance Report (APR), to be submitted in accordance with OMB Circular A-11, in February 2016. A summary of performance is presented here.

Functional Uses of FY 2015 Budgetary Resources

The FY 2015 Commission budgetary authority primarily funded and administered the following program and functional areas:

Energy Program

- Bulk Fuel Storage
- Community Power Generation and Rural Power System Upgrades
- Energy Cost Reduction Projects
- Renewable, Alternative, and Emerging Energy Technologies
- Power Line Interties

Administration

- Salaries and contracts
- Initiatives toward sustainable rural communities and accountability goal areas

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Management Discussion and Analysis

Summary of Performance

FY 2015 Performance by Goal Area

Denali Commission grants are customarily issued when Congress makes appropriations and when the agency annual Work Plan is approved by the Secretary of Commerce. In FY 2015, Denali Commissioners sent the Work Plan to the Federal Co-Chair in September 2014. Upon Secretary of Commerce approval and signature, grant documents were issued during the final quarter of the fiscal year. Due to these timing challenges, most of the newly established projects were only just begun by the end of the fiscal year, and construction projects, for example, may only have progressed to the materials ordering phase. These circumstances make linking the FY 2015 budget to performance results in the same fiscal year difficult. Therefore, as in last year's Annual Financial Report (AFR), the Commission will present performance activities and achievements *conducted* in FY 2015 here and more fully in the Agency Performance Report, which will be submitted in February 2016.

The Denali Commission has deep roots in infrastructure development and has primarily been a grant-making agency, having contributed substantially to numerous energy, health, transportation and other construction projects in the state since 1998. While we recognize that the results presented here are more akin to outputs than outcomes, these are the data points this small agency has been able to collect regarding its work this fiscal year, in light of the appropriations and work plan timelines.

The Goal Areas of the Commission and the work conducted by the agency in FY 2015 reveal a conscious reflection on the Commission's past, present and future by agency leadership and the Denali Commissioners. During the 14 years of the Commission's existence, federal budget authority has been as low as $10 million, has expanded to as much as $140 million a year, and over the past four years has steadily declined to $14 million. The changing budget has mandated a meditation on the past focus of the agency and what a lower funding base means.

Management Discussion and Analysis

Summary of Performance

In December 2011, Denali Commissioners participated in a strategic planning session which reconfirmed the strengths of the agency. Among the noted Commission assets were:

- Significant positive rural project experience that allows the Commission caché and entry into rural communities
- Flexibility and innovation with project funding, so that the agency can be nimble and responsive to new priorities
- Solid relationships with program partners across the state

Having endorsed these strengths, Denali Commissioners set out priority guidance for agency leadership and staff :

- To research, document and promote regional best practices
- To identify and provide technical assistance to help rural organizations access funds and organize projects
- To continue to build and fortify partnerships
- To maintain the ability to be nimble, completing some time-critical projects that can be successes

These principles informed the work of the leadership and staff throughout FY 2015. The Denali Commission's Goal Areas also embody these tenets and remain consistent with last fiscal year — demonstrating a commitment to the infrastructure needs of rural Alaska, which is the agency's founding mission:

Goal Area One: Modernize and develop stronger and sustainable infrastructure in rural Alaska

Goal Area Two: Promote the sustainability of rural Alaska communities
Goal Area Three: Fortify accountability policies and procedures

The Goal Areas are reflective of the past and the historic work of the Commission as a grant-making agency contributing to capital projects. In addition, though, the Goal Areas point the agency toward a future that mandates contemplation of *community* sustainability through initiatives that have systemic impacts for rural Alaska. As the agency's resources change, the relative emphasis on each of these Goal Areas will shift over time.

In FY 2015, Goal Area One constituted the bulk of the effort of the Commission as capital funds from prior years which funded numerous energy, transportation and health projects continued to be expended and facilities got closer to completion. But as appropriated capital funds have decreased Commission staff have worked with communities to leverage and coordinate funds from other funding sources, providing technical assistance in planning and managing capital projects and community plans, and finding solutions to complicated issues that can be applied to other rural Alaska communities.

Management Discussion and Analysis

Summary of Performance

Goal Area One: Modernize and develop stronger and sustainable infrastructure in rural Alaska

FY 2015 continued to reflect the Commission's commitment to infrastructure development in rural Alaska communities. The Commission's funding, along with all the leveraged funding from other program partners, has improved the standard of living across the state and has provided rural residents with access to fundamental facilities and opportunities that many urban residents take for granted.

In FY 2015, the Transportation Program continued work on:

- 3 Roads projects
- 1 Board roads projects
- 8 Waterfront projects

Since FY 2005, the Transportation program has contributed to the planning, design and/or construction of 85 rural road projects and 88 waterfront development projects and participated in the opening of 65 road and 69 waterfront development projects. The program currently has 3 active road projects, 1 active board road projects and 8 active waterfront projects in the planning, design or construction phases.

In FY 2015, the **Energy Program** was able to contribute to:

- 1 Bulk Fuel Storage Facility
- 2 Rural Power System Upgrades
- 3 Project Designs for Bulk Fuel and/or Rural Power System Upgrades

Overall, since 1999, the Commission through its Energy Program has invested in the construction of 112 code compliant bulk fuel tank farms and 71 rural power system upgrades in rural Alaska communities.

Although the last directed federal appropriation for the **Health Program** was in FY 2010, the Commission has continued to maximize the initial budget authority by capitalizing on program partners' investments, effectively using savings from projects that are completed under budget, and providing modest additional resources from the base allocation. The Commission provides technical assistance at no cost to communities through the review of primary care clinic business plans and site plans, and has partially funded design and construction activities in FY2015. By continuing to support communities in their efforts to conceptualize, plan, and construct clinic facilities the Commission has played a vital role in facilitating full-funding packages and advancing prioritized projects that would otherwise not be completed or funded.

Summary of Performance

In FY 2015 the Commission:

- Contributed to the construction or renovation of 2 rural primary care clinics
- Celebrated the grand openings of 4 rural primary care clinics

Over the course of its existence, the Health Program has contributed to 152 primary care clinics, 20 behavioral health facilities, 20 elder supportive housing buildings, and 49 hospital primary care projects. Currently, 4 clinics are in the construction phase.

Goal Area Two: Promote the sustainability of rural Alaska communities

The Commission has learned from our rich history of capital infusion into singular infrastructure projects across Alaska. As the agency transitions away from these large investments, the Commission looks to the future and what our original mission means for Alaska. From a past of assessing a *project's* sustainability potential to looking at an entire community's sustainability is what this Goal Area embodies. This Goal Area is less tangible than the bricks-and-mortar of Goal Area One. The work in this Goal Area entails a closer look at Alaska's rural communities and making tough choices about which investments will have the highest return on investment.

Residents in rural Alaska villages have told the Commission what they need to be more sustainable and self-reliant. They need a prosperous economy, safe and affordable housing, health care, effective governance and infrastructure management—all with an overarching need to have safe and affordable energy solutions.

Communities need the capability to secure, protect and maintain these components—and they need that human capacity within their own communities. The Commission has stepped out to assist communities build their workforce capacity in innovative ways.

- In FY15, the Commission teamed up with regional training centers and employers to train and certify 92 rural residents in the areas of heavy equipment operation, facility maintenance, diesel mechanics, welding, first-aid/CPR, and OSHA 10.
- In FY15, the Commission continued to support and strengthen the regional construction academies in the Northwest Arctic, Bristol Bay, Southeast and Kodiak regions. This partnership with regional training centers and employers resulted in 124 young adults earning certifications and/or being exposed to facility maintenance, heavy equipment maintenance and operation, small engine repair, welding, driver's education, and business administration.
- Alaska's four facility maintenance Centers of Excellence, created and organized through support and resources of the Commission, certified 42 Facility Maintenance (Level I) Technicians in FY15.
- The Commission facilitated a monthly working group called the Alaska Rural Manager Initiative (ARMI) with the mission to develop rural manager capacity focusing on tribal, municipal and utility administrators.

Management Discussion and Analysis

Summary of Performance

Serving as a funding partner in the continued support of the Pre-Development program which provides an array of project management, business planning, community assessment, regional planning and rural community facility and energy audit services to nominated organizations or communities through The Foraker Group.

In FY 2015, the Commission's **Training Program** continued to build a high performing workforce system in rural Alaska focused on jobs and careers in construction, energy and health care. As training dollars at the Commission decrease, the agency emphasized regional planning, leverage, collaboration and coordination among partners and providers to bridge differences, reinforce strengths, and build training systems that will be successful and sustainable in years to come.

Training success in FY 2015 was due to this kind of federal, state and local synchronization happening at the forefront, giving rural residents meaningful opportunities to learn specific and applicable skills matched to immediate job openings in their home regions. The Commission also embarked on important collaborations that sought insights into current rural training and workforce development systems in regards to facility maintenance, operation and management.

Local residents are hired and trained to construct and maintain Denali Commission investments

Management Discussion and Analysis

Summary of Performance

In FY 2015, the **Training Program** achievements included:

- Continued (year 3) collaboration with State, Federal and regional agencies on ways to improve rural facility integrity for the long term, save maintenance dollars, create long-term rural jobs and resolve gaps in regular and preventative maintenance in private and public facilities.
- Convened and facilitated the Alaska Rural Manager Initiative (ARMI) committee monthly to lead research and development of training opportunities for tribal, municipal and utility administrators.
- Administered 6 training projects that trained and certified 216 rural residents in the construction trades, allied health occupations, leadership and management areas. These training opportunities directly connected people to meaningful and legacy jobs in their communities while protecting federal, state and local investments.

Goal Area Three: Fortify accountability policies and procedures

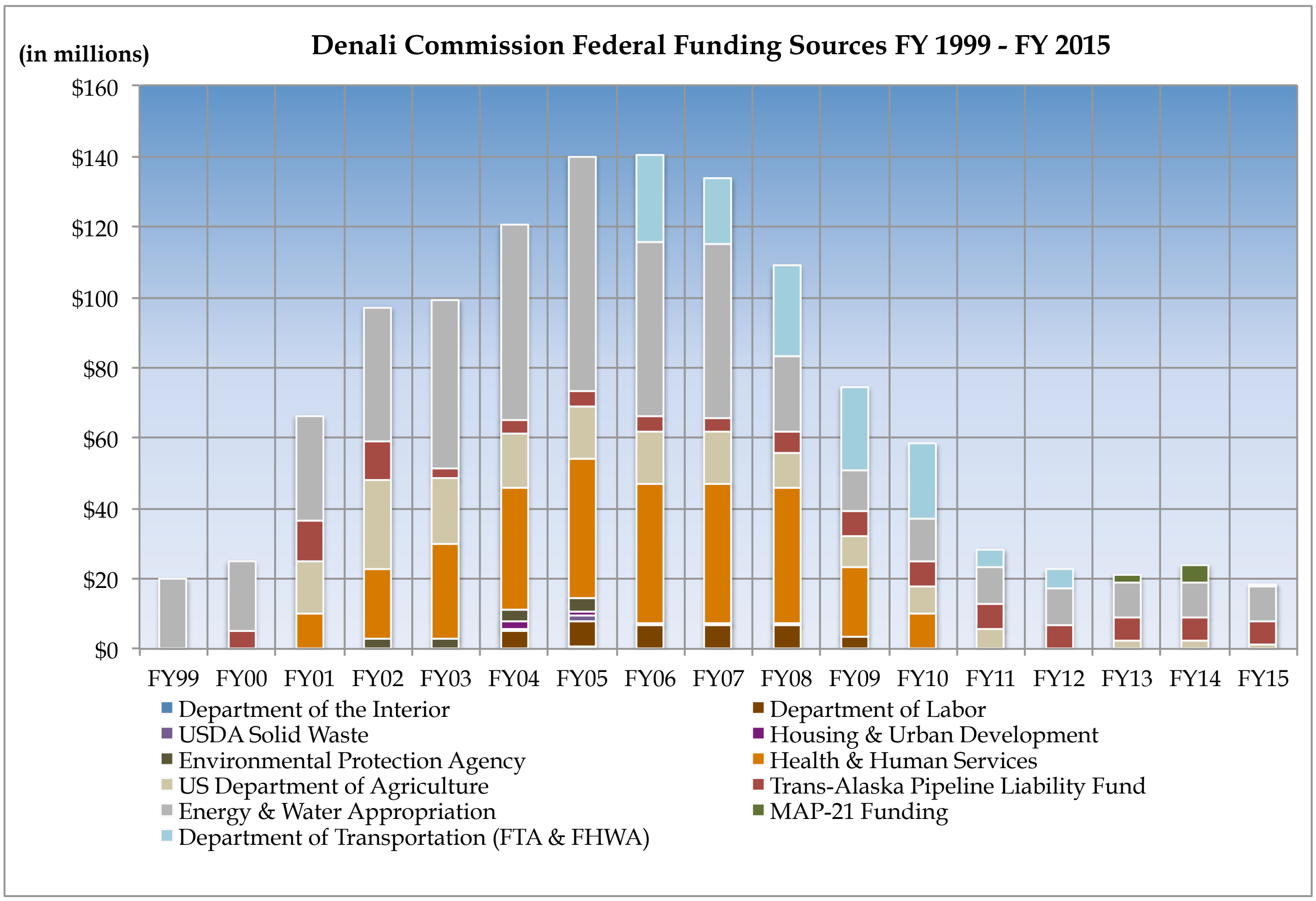
In FY 2015, the Denali Commission (Commission) continued to make good progress on fortifying accountability systems of our own agency and those of our partner entities by demonstrating an active commitment to the implementation of the Uniform Guidance. The highlight of our involvement was “hosting” Mr. Gil Tran, senior policy analyst with the Executive Office of the President, Office of Management and Budget (OMB), Office of Federal Financial Management to address the federal grantee community here is Alaska during the first quarter of the fiscal year. Mr. Tran spoke extensively on how the guidance will impact our grantees across the State, specifically in the area of Single Audits. The Commission will continue to stay involved with these effort via our participation as an active member of the Single Audit Roundtable arranged semi-annually by the American Institute of Certified Public Accountants.

Finally, of note under this Goal Area is the accomplishment of the Commission’s unqualified audit opinion for FY 2015. This continues to produce a measurable result of the Commission’s commitment to accountability.

Management Discussion and Analysis

Financial Performance Overview

As of September 30, 2015 the financial condition of the Denali Commission was sound with respect to having sufficient funds to meet program needs and adequate control of these funds in place to ensure obligations did not exceed budget authority. Agency audits are conducted in accordance with auditing standards generally accepted in the United States of America, OMB Bulletin 07-04 (Audit Requirements for Federal Financial Statements) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General ofthe United States.



Management Discussion and Analysis

Financial Performance Overview

Sources of Funds

The Denali Commission is funded through the Energy and Water Appropriation, which is direct budget authority; funds are available until expended.

Public Law 112-141, the Moving Ahead for Progress in the 21st Century Act (MAP-21), granted authority to accept funding from both Federal and non-Federal sources to carry out the purposes of the Denali Commission Act.

Finally, Denali Commission is the recipient of a portion of the interest earned on the trust fund for the Trans-Alaska Pipeline Liability (TAPL) fund. In FY 2015, $6.36 million was transferred to Denali Commission to assist in efforts to make bulk fuel tanks in Alaska code-compliant.[1]

Budget Authority	FY 2015
Appropriations Received	$10,000,000
Nonexpenditure Transfers	$6,361,916
Offsetting Collections	$11,025,046
Total Budget Authority	**$27,386,962**

In FY 2015, Denali Commission's total budget resources were $38.45 million, which includes $3.22 million in unobligated balances brought forward and $7.86 million in recoveries of prior year obligations.

Uses of Funds by Function

The Denali Commission incurred obligations of $32.45 million in FY 2015 for program and administration operations. Unobligated funds in the amount of $6.00 million were carried forward, for obligation in FY 2016.

Management Discussion and Analysis

Financial Statement Highlights

The Denali Commission's financial statements summarize the financial activity and financial position of the agency. The financial statements, footnotes, and the balance of the required supplementary information appear in the Financial Section of this document.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 USC 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with Generally Accepted Accounting Principles (GAAP) for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the US Government, a sovereign entity.

Balance Sheet

Assets

The Commission's assets were $72.14 million as of September 30, 2015. This is a decrease of $0.94 million from the end of FY 2014. The Commission's largest asset, Fund balance with Treasury, increased due to a rise in receivable amounts to the Denali Commission. The assets reported in the Denali Commission's balance sheet are summarized in the accompanying table.

Assets Summary	FY 2015	FY 2014
Fund balance with Treasury	$72,138,879	$72,066,402
Other intragovernmental assets	-	1,000,000
Accounts receivable, public	929	9,763
Other accounts receivable, public	775	-
Total assets	**$72,140,583**	**$73,076,165**

Management Discussion and Analysis

Financial Statement Highlights

Liabilities

The Denali Commission's liabilities were $2.50 million as of September 30, 2015, an increase of $0.23 million from the end of FY 2014. The increase in liabilities is attributed to a rise in pending reimbursements in relation to 2014. The liabilities reported in the Denali Commission's balance sheet are summarized in the accompanying table.

Liabilities Summary	FY 2015	FY 2014
Accounts payable, intragovernmental	$14,794	$5,336
Other intragovernmental liabilities	831,366	280,169
Accounts payable, public	90,905	161,317
Other liabilities, public	1,564,061	1,827,497
Total liabilities	**$2,501,126**	**$2,274,319**

Net Position

The difference between total assets and total liabilities, net position, was $69.64 million as of September 30, 2015. This is a decrease of $1.16 million from the FY 2014 year-end balance. The net position reported in the Denali Commission's balance sheet is summarized in the accompanying table.

Net Position Summary	FY 2015	FY 2014
Unexpended appropriations	$11,514,554	$26,327,169
Cumulative results of operations	58,124,903	44,474,677
Total Net Position	**$69,639,457**	**$70,801,846**

Management Discussion and Analysis

Financial Statement Highlights

Statement of Net Cost

The Statement of Net Cost reports the cost of conducting the Denali Commission programs during the reporting period. The accompanying table displays the net cost for FY 2015 and FY 2014. These costs consist of $5.87 million of intragovernmental costs and $22.70 million in public costs.

Net Cost	FY 2015	FY 2014
Program Costs	$28,572,602	$28,855,161
Less: earned revenue	-	-
Total Net Costs of Operations	**$28,572,602**	**$28,855,161**

Statement of Changes in Net Position

The Net Position for the year ended September 30, 2015 is $69.64 million, a decrease of $1.16 million from FY 2014. This decrease is primarily due to a change in spending patterns in FY 2015.

Statement of Budgetary Resources

The Statement of Budgetary Resources shows what budget authority the Denali Commission possesses and compares the status of that budget authority. The Commission had $38.45 million in total budgetary resources for FY 2015 – comprised of direct appropriations, nonexpenditure transfers from other federal agencies, and an unobligated balance available from FY 2014. During the fiscal year, $32.45 million was obligated for program and administrative functions; $6.00 million in funds were carried forward, and will be available for obligation in FY 2015. Net outlays in FY 2015 amounted to $16.03 million.

Analysis of Systems, Controls and Legal Compliance

Financial Performance Overview

Federal Managers' Financial Integrity Act (FMFIA)

The Federal Managers' Financial Integrity Act (FMFIA or the Integrity Act) provides the statutory basis for management's responsibility for, and assessment of, accounting and administrative internal controls. Such controls include program, operational, and administrative areas, as well as accounting and financial management. The FMFIA requires executive agencies to establish internal and administrative controls in accordance with standards prescribed by the Comptroller General that provide reasonable assurance that obligations and costs are in compliance with applicable laws; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures are properly recorded and accounted for to maintain accountability over the assets. The FMFIA also requires the agency head to annually assess and report on the effectiveness of internal controls that protect the integrity of federal programs and whether financial management systems conform to related requirements.

FMFIA Statement of Assurance

The Denali Commission management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). I am able to provide an unqualified statement of assurance of the agency's compliance with the FMFIA. The Commission's internal controls provide for effective and efficient programmatic operations, reliable financial reporting, and compliance with applicable laws and regulations. Assessments have been conducted in regard to the internal controls over financial reporting. The Commission attests the reasonable assurance that the internal controls over financial reporting comply with the requirements of the FMFIA.

Further, evaluations tested the effectiveness of the internal control over operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, Management's Responsibility for Internal Control. Based on the results of these evaluations, the Denali Commission can provide reasonable assurance that
its internal controls over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2015, was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

Finally, the US Treasury, Bureau of Fiscal Service (BFS) (Denali Commission's Financial Management Line of Business partner) engages a contractor to independently review its financial management systems in accordance with OMB Circular A-127, Financial Management Systems. Based on the results of this review, BFS and therefore the Denali Commission can provide reasonable assurance that its financial management systems are in compliance with the applicable provisions of the FMFIA as of September 30, 2015.

Analysis of Systems, Controls and Legal Compliance

Financial Performance Overview

Federal Financial Management Improvement Act (FFMIA)

The Federal Financial Management Improvement Act (FFMIA) is designed to advance Federal financial management by ensuring that Federal financial management systems provide accurate, reliable, and timely financial management information to the government's managers. Compliance with the FFMIA provides the basis for the continuing use of reliable financial management information by program managers, and by the President, Congress and the public.

FFMIA Compliance Determination

The Commission utilizes the services of US Treasury BFS and its financial management system. Annual audits of their system indicate that the system complies with federal financial management systems requirements, standards promulgated by the Federal Accounting Standards Advisory Board (FASAB), and U.S. Standard General Ledger (USSGL) at the transaction level. The annual financial audit confirms this finding.

Goals and the supporting financial systems strategies

As a small agency, the Commission has arrived at the conclusion that human and financial resources internal to the agency are not sufficient to meet the increasing federal standards for financial systems and the costs involved. Therefore, four years ago, the Commission outsourced our financial management system and transactional level activities to the U.S. Treasury BFS. This strategy has proven effective and efficient and allows this small agency to assure the President, Congress and the public that federal budget authority entrusted to the Commission is executed responsibly and with full accountability.

Joel Neimeyer
Federal Co-Chair

Financial Section

Chief Financial Officer's Letter

November 15, 2014

The Denali Commission (Commission) is pleased to have once again achieved an unqualified opinion on the agency's consolidated financial statements from our financial auditors for FY 2015. This audit result meets the highest rating possible for a federal agency. It serves to demonstrate that the Commission considers its transparent and complete financial reporting to be of the utmost importance. As always, the Commission prides itself on good stewardship of taxpayer dollars while meeting our mission as defined in our enabling statute. Our sound internal controls and continued compliance with all federal regulations and laws exhibit our commitment to excellent financial standards well into our second decade of operations.

The Commission continues its efforts in supporting the President's Management Agenda of increasing the use of shared services by federal agencies across the Government. The Administration's new central governance board on shared services, under the General Services Administration, is expected to execute an aggressive plan throughout this fiscal year that will contribute to this goal. The Commission, with its ongoing partnership with the Department of Health and Human Services, hopes to further develop grant management solutions for federal agencies of all sizes. The end result of reduced costs and more efficient program delivery within the government's massive grants program is a goal that has been sought after for many years.

The Commission looks toward a successful FY 2016 as we continue to serve all Alaskans (and Americans) with the same drive and enthusiasm that we had at this agency during its inaugural year.
Best regards,

Corrine Eilo
Chief Financial Officer

Financial Section

Inspector General Transmittal Letter

Denali Commission
Office of Inspector General
Anchorage, AK 99501

November 13, 2015

MEMORANDUM FOR: Denali Commission Commissioners

FROM: David Sheppard
Inspector General

SUBJECT: FY 2015 Financial Statements
Final Report No. DCOIG-16-001-A

I am pleased to provide you with the attached audit report in which SB & Company, LLC, an independent public accounting firm, presented an unmodified opinion on the Denali Commission's fiscal year 2015 financial statements. However, a significant deficiency was identified in internal control. SB & Company performed the audit in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget Bulletin 15-02, *Audit Requirements for Federal Financial Statements.*

In its audit of the Commission, SB & Company

- identified a significant deficiency in internal control over financial reporting due to inadequate segregation of duties;
- identified no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or OMB audit guidance;
- determined that the financial statements were fairly presented in all material respects and in conformity with U.S. generally accepted accounting principles.

My office oversaw the audit performance, including the review of SB & Company's report and related documentation and inquiries of its representatives. Our review disclosed no instances where SB & Company did not comply, in all material respects, with U.S. generally accepted government auditing standards. As differentiated from an audit in accordance with these standards, our review was not intended to enable us to express any opinion on the Commission's financial statements. Therefore, we do not express any opinion on the Commission's financial statements, conclusions about the effectiveness of internal control, or conclusions on compliance with laws, regulations, contracts, and grant agreements. SB & Company is solely responsible for the attached audit report, dated November 13, 2015, and the conclusions expressed in it.

We appreciate the cooperation and courtesies the Commission extended to both SB & Company and my office during the audit. If you wish to discuss the contents of this report, please call me at (206) 220-7970.

Financial Section

Inspector General Transmittal Letter

Attachment

cc: Corrine Eilo, Chief Financial Officer, Denali Commission
David Smith, Acting Inspector General, U.S. Department of Commerce

Financial Section

Report of Independent Public Accountants

SB & COMPANY, LLC
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Office of the Inspector General and the Denali Commission

Report on the Financial Statements

We have audited the accompanying balance sheets of the Denali Commission (the Commission) as of September 30, 2015 and 2014 and the related statements of net cost, changes in net position and budgetary resources for the years then ended and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Commission's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 14-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of September 30, 2015 and 2014, and its net cost, changes in net position, and budgetary resources for the years then ended in accordance with accounting principles generally accepted in the United States of America.

200 International Circle • Suite 5500 • Hunt Valley • Maryland 21030 • P 410.584.0060 • F 410.584.0061

Financial Section

Report of Independent Public Accountants

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board and OMB Circular A-136, *Financial Reporting Requirements*. This required information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The other information as listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required By _Government Auditing Standards_

In accordance with *Government Auditing Standards*, we also have issued our report dated November 13, 2015 on our consideration of the Commission's internal control over financial reporting and over compliance, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope and results of our testing of that and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance.

Hunt Valley, Maryland
November 13, 2015

SB & Company, LLC

Financial Section

Report of Independent Public Accountants

SB & COMPANY, LLC
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INDEPENDENT PUBLIC ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Office of the Inspector General and the Denali Commission

We have audited in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements* the financial statements of the Denali Commission (the Commission) as of and for the year ended September 30, 2015, and the related notes to the financial statements which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 13, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting and compliance (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be a significant deficiency as 2015-01.

Financial Section

Report of Independent Public Accountants

SB & COMPANY, LLC
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Limitation of Internal Control

Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with controls may deteriorate.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We did not test compliance with all laws and regulations applicable to the Commission. We limited our tests of compliance to those provisions of laws and regulations OMB audit guidance requires that we test that we deemed applicable to the financial statements for the fiscal year ended September 30, 2015. We caution that noncompliance may have occurred and may not have been detected by these tests, and that such testing may not be sufficient for other purposes. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB audit guidance.

Commission's Response to Finding

The Commission's response to the finding identified in our audit is described in the accompanying schedule of findings. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Hunt Valley, Maryland
November 13, 2015

SB & Company, LLC

Report of Independent Public Accountants

SB & COMPANY, LLC
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Schedule of Findings

Finding 2015	**Significant deficiency in Internal Control Over Financial Reporting—Inadequate Segregation of Duties**
Criteria	During the 2015 year end close process, management did not adhere to existing policies and procedures to update, maintain, and review schedules tracking grant payables and reconciling such balances to amounts recorded in the financial statements. As a result, an audit entry of approximately $1.3 million was required to be recorded to properly state the financial statements.
Condition	During the year ended September 30, 2015, there was transition in personnel responsible for recordation of grant payables. Due to limited number of personnel, the reconciliation to grant confirm information received from grantees was not fully reviewed.
Cause	The entity's limited size and staffing resources have made it difficult for management to provide sufficient staffing to reconcile and review all financial transactions.
Effect or Potential Effect	Without sufficient review procedures, the risk significantly increases that errors related to grant expenditures and related payables could occur and not be detected on a timely basis.
Recommendation	Management and the board should consider a formal evaluation of the number of personnel and related training in financial reporting positions, with a particular focus on grant activity at year end. In response to this, consideration should be given to implementing controls that mitigate the risks associated with understatement of the grant payable liabilities including training and enhanced review procedures.
Responsible Official's Response	The Denali Commission concurs with this finding.

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Financial Statements

DENALI COMMISSION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
SEPTEMBER 30, 2015 AND 2014

Financial Section

Financial Statements

DENALI COMMISSION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

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DENALI COMMISSION
BALANCE SHEET
AS OF SEPTEMBER 30, 2015 AND 2014
(In Dollars)

		2015		2014
Assets:				
Intragovernmental				
Fund Balance With Treasury (Note 3)	$	72,138,879	$	72,066,402
Accounts Receivable (Note 4)		-		1,000,000
Total Intragovernmental		72,138,879		73,066,402
Accounts Receivable, Net (Note 4)		929		9,763
Other		775		-
Total Assets	$	72,140,583	$	73,076,165
Liabilities:				
Intragovernmental				
Accounts Payable	$	14,794	$	5,336
Other (Note 6)		831,366		280,169
Total Intragovernmental		846,160		285,505
Accounts Payable		90,905		161,317
Other (Note 6)		1,564,061		1,827,497
Total Liabilities (Note 5)	$	2,501,126	$	2,274,319
Net Position:				
Unexpended Appropriations - Other Funds	$	11,514,554	$	26,327,169
Cumulative Results of Operations - Funds from Dedicated Collections (Note 8)		18,845,286		15,873,812
Cumulative Results of Operations - Other Funds		39,279,617		28,600,865
Total Net Position	$	69,639,457	$	70,801,846
Total Liabilities and Net Position	$	72,140,583	$	73,076,165

The accompanying notes are an integral part of these financial statements.

Financial Section

Financial Statements

DENALI COMMISSION
STATEMENT OF NET COST
FOR THE YEARS ENDING SEPTEMBER 30, 2015 AND 2014
(In Dollars)

	2015	2014
Program Costs:		
Gross Costs (Note 9)	$ 28,572,602	$ 28,855,161
Less: Earned Revenue	-	-
Net Program Costs	$ 28,572,602	$ 28,855,161
Net Cost of Operations	$ 28,572,602	$ 28,855,161

The accompanying notes are an integral part of these financial statements.

Financial Section

Financial Statements

DENALI COMMISSION
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEARS ENDING SEPTEMBER 30, 2015 AND 2014
(In Dollars)

	2015 Funds from Dedicated Collections	2015 All Other Funds	2015 Consolidated Total	2014 Funds from Dedicated Collections	2014 All Other Funds	2014 Consolidated Total
Cumulative Results of Operations:						
Beginning Balances	$ 15,873,812	$ 28,600,865	$ 44,474,677	$ 14,915,965	$ 35,148,517	$ 50,064,482
Budgetary Financing Sources:						
Appropriations Used	-	24,796,954	24,796,954	-	7,522,511	7,522,511
Donations and Forfeitures of Cash and Cash Equivalents	-	-	-	-	20,000	20,000
Transfers In/Out Without Reimbursement	6,361,916	10,994,067	17,355,983	6,537,320	9,118,213	15,655,533
Other Financing Sources (Non-Exchange):						
Imputed Financing Sources (Note 10)	-	69,891	69,891	-	67,312	67,312
Total Financing Sources	6,361,916	35,860,912	42,222,828	6,537,320	16,728,036	23,265,356
Net Cost of Operations	(3,390,442)	(25,182,160)	(28,572,602)	(5,579,473)	(23,275,688)	(28,855,161)
Net Change	2,971,474	10,678,752	13,650,226	957,847	(6,547,652)	(5,589,805)
Cumulative Results of Operations	$ 18,845,286	$ 39,279,617	$ 58,124,903	$ 15,873,812	$ 28,600,865	$ 44,474,677
Unexpended Appropriations:						
Beginning Balances	$ -	$ 26,327,169	$ 26,327,169	$ -	$ 24,533,280	$ 24,533,280
Budgetary Financing Sources:						
Appropriations Received	-	10,000,000	10,000,000	-	10,000,000	10,000,000
Other Adjustments	-	(15,661)	(15,661)	-	(683,600)	(683,600)
Appropriations Used	-	(24,796,954)	(24,796,954)	-	(7,522,511)	(7,522,511)
Total Budgetary Financing Sources	-	(14,812,615)	(14,812,615)	-	1,793,889	1,793,889
Total Unexpended Appropriations	$ -	$ 11,514,554	$ 11,514,554	$ -	$ 26,327,169	$ 26,327,169
Net Position	$ 18,845,286	$ 50,794,171	$ 69,639,457	$ 15,873,812	$ 54,928,034	$ 70,801,846

The accompanying notes are an integral part of these financial statements.

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Financial Statements

DENALI COMMISSION
STATEMENT OF BUDGETARY RESOURCES
FOR THE YEARS ENDING SEPTEMBER 30, 2015 AND 2014
(In Dollars)

		2015		2014
Budgetary Resources:				
Unobligated Balance Brought Forward, October 1	$	3,215,016	$	1,007,431
Recoveries of Prior Year Unpaid Obligations		7,863,960		5,301,539
Other changes in unobligated balance		(15,662)		(683,599)
Unobligated balance from prior year budget authority, net		11,063,314		5,625,371
Appropriations		16,361,916		16,537,320
Spending authority from offsetting collections		11,025,046		7,335,000
Total Budgetary Resources	$	38,450,276	$	29,497,691
Status of Budgetary Resources:				
Obligations Incurred (Note 12)	$	32,453,201	$	26,282,675
Unobligated balance, end of year:				
Apportioned		3,452,805		3,195,016
Exempt from apportionment		-		20,000
Unapportioned		2,544,270		-
Total unobligated balance, end of year		5,997,075		3,215,016
Total Budgetary Resources	$	38,450,276	$	29,497,691
Change in Obligated Balance				
Unpaid Obligations:				
Unpaid Obligations, Brought Forward, October 1	$	68,670,089	$	79,545,027
Obligations Incurred		32,453,201		26,282,675
Outlays (gross)		(28,054,105)		(31,856,074)
Recoveries of Prior Year Unpaid Obligations		(7,863,960)		(5,301,539)
Unpaid Obligations, End of Year (Gross)		65,205,225		68,670,089
Uncollected payments:				
Uncollected Customer Payments, Federal Sources, Brought Forward, October 1		(1,000,000)		-
Change in Uncollected Customer Payments, Federal Sources		1,000,000		(1,000,000)
Uncollected Customer Payments, Federal Sources, End of Year		-		(1,000,000)
Memorandum entries:				
Obligated Balance, Start of Year	$	67,670,089	$	79,545,027
Obligated Balance, End of Year	$	65,205,225	$	67,670,089
Budget Authority and Outlays, Net:				
Budget authority, gross	$	27,386,962	$	23,872,320
Actual offsetting collections		(12,025,046)		(6,335,000)
Change in uncollected customer payments from Federal sources		1,000,000		(1,000,000)
Budget Authority, net	$	16,361,916	$	16,537,320
Outlays, gross	$	28,054,105	$	31,856,074
Actual offsetting collections		(12,025,046)		(6,335,000)
Agency outlays, net	$	16,029,059	$	25,521,074

The accompanying notes are an integral part of these financial statements.

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DENALI COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Denali Commission was established under the Denali Commission Act of 1998 (P.L. 105-277, Division C, Title III), as amended and 42 U.S.C. Chapter 38, Sec. 3121. The Commission, a "designated" federal entity as published by the Office of Management and Budget under the Inspector General Act of 1978, functions as a unique federal-state-local partnership to address crucial needs of rural Alaskan communities, particularly isolated Native villages and other communities lacking access to the national highway system, affordable power, adequate health facilities and other impediments to economic self-sufficiency. The Denali Commission reporting entity is comprised of Trust Funds, General Funds, Special Funds and General Miscellaneous Receipts.

The Denali Commission is a party to allocation transfers with other federal agencies as a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations and budget apportionments are derived. The Denali Commission receives allocation transfers, as the child, from the Federal Highway Administration under the Department of Transportation.

Trust Funds are credited with receipts that are generated by terms of a trust agreement or statute. At the point of collection, our receipts are unavailable until appropriated by the U.S. Congress. The Trust Fund included in our financial statements includes the Trans-Alaska Pipeline Liability Fund (TAPL), which is managed by the U.S. Treasury Bureau of Fiscal Service, and assists the efforts to make bulk fuel tanks in Alaska EPA code-compliant.

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. Denali Commission manages two General Fund accounts.

Special Funds are receipt accounts credited with collections earmarked by law but included in the Federal funds group rather than classified as trust fund collections.

General Fund Miscellaneous Receipts are accounts established for receipts of non-recurring activity, such as fines, penalties, fees and other miscellaneous receipts for services and benefits.

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of

Financial Section

Financial Statements

operations of the Denali Commission. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follow the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. They have been prepared from, and are fully supported by, the books and records of the Denali Commission in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, as amended, and the Denali Commission accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control the Denali Commission's use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds.

D. Fund Balance with Treasury

Fund Balance with Treasury is the aggregate amount of the Denali Commission's funds with Treasury in expenditure, receipt, and deposit fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The Denali Commission does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Treasury disburses funds for the agency on demand.

E. Accounts Receivable

Accounts receivable consists of amounts owed to the Denali Commission by other Federal agencies and the general public. Amounts due from Federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

F. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

G. Liabilities

Liabilities represent the amount of funds likely to be paid by the Denali Commission as a result of transactions or events that have already occurred.

The Denali Commission reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities With the Public represents funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave, actuarial FECA, and the amounts due to Treasury for collection and accounts receivable of civil penalties and FOIA request fees.

H. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees effective at 50% for the 1st quarter of FY 2014 and 100% thereafter."

I. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the Denali Commission employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the Denali Commission terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

J. Other Post-Employment Benefits

The Denali Commission employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGLIP) may continue to participate in these programs after their retirement. The Office of Personnel Management (OPM) has provided the Denali Commission with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The Denali Commission recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the Denali Commission through the recognition of an imputed financing source.

K. Use of Estimates

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

L. Imputed Costs/Financing Sources

Federal Government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. In addition, Federal Government entities also incur costs that are paid in total or in part by other entities. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. The Denali Commission recognized imputed costs and financing sources in fiscal years 2015 and 2014 to the extent directed by accounting standards.

NOTE 2. NON-ENTITY ASSETS

The Denali Commission Act of 1998 states that one of the purposes of the Commission is to deliver the services of the federal government in the most cost-effective manner practicable by reducing administrative and overhead costs. In the spirit of this legislation, the Commission has offered a service to other federal agencies whereby a federal agency may utilize the Commission to make payments to non-federal organizations in Alaska on the agency's behalf. No fee is collected for this service. Amounts received from the State of Alaska, but not disbursed, are recorded on the Balance Sheet in the Fund Balance with Treasury line and are offset by a liability on the Other Liabilities line. This balance is $599,075 and $843,793 as of September 30, 2015 and September 30, 2014, respectively.

NOTE 3. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2015 and 2014, were as follows:

	2015	2014
Fund Balances:		
Trust Funds	$ 18,997,127	$ 15,873,812
Special Funds	20,000	20,000
Appropriated Funds	52,522,677	55,328,797
Other Fund Types	599,075	843,793
Total	$ 72,138,879	$ 72,066,402
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	$ 3,452,805	$ 3,215,016
Unavailable	2,544,270	-
Obligated Balance Not Yet Disbursed	65,205,225	67,670,089
Temporary Sequestration-TAPL	337,504	337,504
Non-Budgetary FBWT	599,075	843,793
Total	$ 72,138,879	$ 72,066,402

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

The available unobligated fund balances represent the current-period amount available for obligation or commitment. At the start of the next fiscal year, this amount will become part of the unavailable balance as described in the following paragraph.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand.

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2015 and 2014, were as follows:

	2015	2014
Intragovernmental		
Grants Management Receivable	$ -	$ 1,000,000
Total Intragovernmental Accounts Receivable	-	1,000,000
With the Public		
Employee Indebtedness	-	9,763
Total Public Accounts Receivable	-	9,763
Total Accounts Receivable	$ -	$ 1,009,763

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2015 and 2014.

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the Commission as of September 30, 2015 and 2014, include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	2015	2014
Intragovernmental – FECA	$ 1,355	$ 1,355
Intragovernmental – Unemployment Insurance	-	6,430
Unfunded Leave	81,579	85,098
Deferred Lease Liabilities	(262)	738
Total Liabilities Not Covered by Budgetary Resources	82,672	93,621
Total Liabilities Covered by Budgetary Resources	2,418,454	2,180,698
Total Liabilities	$ 2,501,126	$ 2,274,319

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

NOTE 6. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2015 were as follows:

		Current		Non Current		Total
Intragovernmental						
FECA Liability	$	1,355	$	-	$	1,355
Payroll Taxes Payable		12,543		-		12,543
Other Accrued Liabilities		817,468		-		817,468
Total Intragovernmental Other Liabilities	$	831,366	$	-	$	831,366
With the Public						
Payroll Taxes Payable	$	1,676	$	-	$	1,676
Accrued Funded Payroll and Leave		511,371		-		511,371
Unfunded Leave		81,579		-		81,579
Other Accrued Liabilities Grants		770,699		97,416		868,114
Deposit Fund Liability (State of Alaska)		101,320		-		101,320
Total Public Other Liabilities	$	1,466,645	$	97,416	$	1,564,061

Other liabilities account balances as of September 30, 2014 were as follows:

		Current		Non Current		Total
Intragovernmental						
FECA Liability	$	-	$	1,355	$	1,355
Unemployment Insurance Liability		6,430				6,430
Payroll Taxes Payable		8,368		-		8,368
Other Accrued Liabilities		264,016		-		264,016
Total Intragovernmental Other Liabilities	$	278,814	$	1,355	$	280,169
With the Public						
Payroll Taxes Payable	$	1,063	$	-	$	1,063
Accrued Funded Payroll and Leave		230,978		-		230,978
Unfunded Leave		85,098		-		85,098
Other Accrued Liabilities Grants		559,158		127,407		686,565
Deposit Fund Liability (State of Alaska)		823,793		-		823,793
Total Public Other Liabilities	$	1,700,090	$	127,407	$	1,827,497

NOTE 7. LEASES

Operating Leases

Denali Commission occupies office space under a lease agreement that is accounted for as an operating lease. The lease term begins on June 1, 2013 and expires on October 1, 2021. Lease payments are increased annually based on the adjustments for operating cost and real estate tax escalations. The total operating lease expense for fiscal years 2015 and 2014 were $388,203 and $415,796, respectively. Below is a schedule of future payments for the term of the lease.

Fiscal Year	Office Space
2016	$ 391,990
2017	395,892
2018	399,910
2019	427,541
2020	431,804
Thereafter	436,196
Total Future Payments	$ 2,483,333

Financial Section

Financial Statements

NOTE 8. FUNDS FROM DEDICATED COLLECTIONS

The Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 established the annual transfer of interest from the Oil Spill Liability Trust Fund to the Denali Commission. The Coast Guard and the Environmental Protection Agency enlist the assistance of the Commission to help in bringing bulk fuel tanks in Alaska up to environmental and safety standards as set by the two agencies. The Commission accounts for and reports on the use of these funds separately through its annual budget execution reporting.

Schedule of Funds from Dedicated Collections as of September 30, 2015 and 2014.

	2015	2014
Balance Sheet		
ASSETS		
Fund Balance with Treasury	$ 18,997,128	$ 15,873,812
Total Assets	$ 18,997,128	$ 15,873,812
LIABILITIES AND NET POSITION		
Other	$ 151,842	$ -
Cumulative Results of Operations	$ 18,845,286	$ 15,873,812
Total Liabilities and Net Position	$ 18,997,128	$ 15,873,812
Statement of Net Cost		
Program Costs	$ 3,390,442	$ 5,579,473
Less: Earned Revenues	-	-
Net Cost of Operations	$ 3,390,442	$ 5,579,473
Statement of Changes in Net Position		
Net Position Beginning of Period	$ 15,873,812	$ 14,915,965
Net Cost of Operations	(3,390,442)	(5,579,473)
Other Revenue	6,361,916	6,537,320
Change in Net Position	2,971,474	957,847
Net Position End of Period	$ 18,845,286	$ 15,873,812

NOTE 9. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental costs and revenue represent exchange transactions between Denali Commission and other federal government entities, and are in contrast to those with non-federal entities (the public). Such costs and revenue are summarized as follows:

	2015	2014
Intragovernmental Costs	$ 5,869,795	$ 3,165,108
Public Costs	22,702,807	25,690,053
Total Net Cost	$ 28,572,602	$ 28,855,161

NOTE 10. IMPUTED FINANCING SOURCES

The Commission recognizes as imputed financing the amount of accrued pension and post-retirement benefit expenses for current employees that are attributable to OPM. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the fiscal years ended September 30, 2015 and 2014, respectively, imputed financing was as follows:

	2015	2014
Office of Personnel Management	$ 69,891	$ 67,312
Total Imputed Financing Sources	$ 69,891	$ 67,312

NOTE 11. BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE UNITED STATES GOVERNMENT

The President's Budget that will include fiscal year 2015 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2016 and can be found at the OMB Web site: *http://www.whitehouse.gov/omb/*. The 2016 Budget of the United States Government, with the "Actual" column completed for 2014, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

NOTE 12. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations incurred and reported in the Statement of Budgetary Resources in 2015 and 2014 consisted of the following:

	2015	2014
Direct Obligations, Category A (Admin)	$ 12,558,229	$ 8,952,294
Direct Obligations, Category B (Program)	19,776,670	17,309,513
Direct Obligations, Category E (Program)	20,000	-
Reimbursable Obligations, Category B (Program)	98,302	20,868
Total Obligations Incurred	$ 32,453,201	$ 26,282,675

Category A apportionments distribute budgetary resources by fiscal quarters.

Category B apportionments typically distribute budgetary resources by activities, projects, objects or a combination of these categories.

NOTE 13. UNDELIVERED ORDERS AT THE END OF THE PERIOD

For the fiscal years ended September 30, 2015 and 2014, budgetary resources obligated for undelivered orders amounted to $63,632,361 and $67,579,700, respectively.

NOTE 14. CUSTODIAL ACTIVITY

The Commission custodial collection primarily consists of grant monies returned from cancelled funds. While these collections are considered custodial, they are neither primary to the mission of the Commission nor material to the overall financial statements. The Commission's total custodial collections are $278,983 and $9,016 for the years ended September 30, 2015, and 2014, respectively.

NOTE 15. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

The Commission has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations.

	2015	2014
Resources Used to Finance Activities		
Budgetary Resources Obligated		
Obligations Incurred	$ 32,453,201	$ 26,282,675
Spending Authority from Offsetting Collections and Recoveries	(18,889,006)	(12,636,539)
Obligations Net of Offsetting Collections and Recoveries	13,564,195	13,646,136
Other Resources		
Imputed Financing from Costs Absorbed by Others	69,891	67,312
Net Other Resources Used to Finance Activities	69,891	67,312
Total Resources Used to Finance Activities	13,634,086	13,713,448
Resources Used to Finance Items Not Part of the Net Cost of Operations		
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	14,938,516	15,100,575
Total Resources Used to Finance the Net Cost of Operations	28,572,602	28,814,023
Total Components of Net Cost of Operations That will not Require or Generate Resources in the Current Period	-	41,138
Net Cost of Operations	$ 28,572,602	$ 28,855,161

Other Accompanying Information

Denali Commission FY 2015 Work Plan

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Bulk fuel projects	Total project cost	Cost share	DC funding	Program partner
Togiak AVEC Tanks	4,656,000	931,200	3,724,800	AVEC.
Togiak Community Tanks	6,045,000	1,209,000	4,836,000	AVEC.
Beaver	2,300,000	460,000	1,840,000	AEA.
Shungnak	1,100,000	550,000	550,000	AVEC.
Venetie	2,100,000	420,000	1,680,000	AEA.

** There is a recent dispute between the City of Pilot Station and the current vendor for gasoline products (Pilot Station, Incorporated). The City desires to enter into direct completion with the vendor for gasoline sales. This is a concern for the Denali Commission as this outcome would mean that the Commission funded bulk fuel improvements would result in direct competition with the private sector, Commission staff are working with community stakeholders on this matter. If a solution cannot be reached the Pilot Station project will be passed over for the next prioritized project.

RPSU projects **	Total project cost	Cost share	DC funding	Program partner
Togiak	$7,409,000	$1,481,800	$5,927,000	AVEC.
Koliganek	2,900,000	580,000	2,320,000	AEA.
Clark's Point	2,600,000	520,000	2,080,000	AEA.

Project management	Total project cost	Cost share	DC funding	Program partner
AEA/AVEC Project Management	$10,800,000	N/A	*** $932,688	AEA/ AVEC.

*** Project management costs have been estimated pending final project selection.

Joel Neimeyer,
Federal Co-Chair.
[FR Doc. 2015–13010 Filed 5–28–15; 8:45 am]
BILLING CODE 3300–01–P

DEPARTMENT OF EDUCATION

[Docket No.: ED–2015–ICCD–0029]

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Comment Request; Application for the U.S. Presidential Scholars Program

AGENCY: Office of Communication and Outreach (OCO), Department of Education (ED).

ACTION: Notice.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 3501 *et seq.*), ED is proposing an extension of an existing information collection.

DATES: Interested persons are invited to submit comments on or before June 29, 2015.

ADDRESSES: Comments submitted in response to this notice should be submitted electronically through the Federal eRulemaking Portal at *http://www.regulations.gov* by selecting Docket ID number ED–2015–ICCD–0029 or via postal mail, commercial delivery, or hand delivery. If the regulations.gov site is not available to the public for any reason, ED will temporarily accept comments at *ICDocketMgr@ed.gov. Please note that comments submitted by fax or email and those submitted after the comment period will not be accepted; ED will ONLY accept comments during the comment period in this mailbox when the regulations.gov site is not available.* Written requests for information or comments submitted by postal mail or delivery should be addressed to the Director of the Information Collection Clearance Division, U.S. Department of Education, 400 Maryland Avenue SW., LBJ, Mailstop L–OM–2–2E319, Room 2E105, Washington, DC 20202.

FOR FURTHER INFORMATION CONTACT: For specific questions related to collection activities, please contact Simone Olson, 202–205–8719.

SUPPLEMENTARY INFORMATION: The Department of Education (ED), in accordance with the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3506(c)(2)(A)), provides the general public and Federal agencies with an opportunity to comment on proposed, revised, and continuing collections of information. This helps the Department assess the impact of its information collection requirements and minimize the public's reporting burden. It also helps the public understand the Department's information collection requirements and provide the requested data in the desired format. ED is soliciting comments on the proposed information collection request (ICR) that is described below. The Department of Education is especially interested in public comment addressing the following issues: (1) Is this collection necessary to the proper functions of the Department; (2) will this information be processed and used in a timely manner; (3) is the estimate of burden accurate; (4) how might the Department enhance the quality, utility, and clarity of the information to be collected; and (5) how might the Department minimize the burden of this collection on the respondents, including through the use of information technology. Please note that written comments received in response to this notice will be considered public records.

Title of Collection: Application for the U.S. Presidential Scholars Program.

OMB Control Number: 1860–0504.

Type of Review: An extension of an existing information collection.

Respondents/Affected Public: Individuals or Households.

Total Estimated Number of Annual Responses: 2,900.

Total Estimated Number of Annual Burden Hours: 46,400.

Abstract: The United States Presidential Scholars Program is a national recognition program to honor outstanding graduating high school seniors. Candidates are invited to apply based on academic achievements on the SAT or ACT assessments, or on artistic merits based on participation in a national talent program. This program was established by Presidential Executive Orders 11155 and 12158.

Other Accompanying Information

Denali Commission FY 2015 Work Plan

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objections along with supporting evidence, if any, not later than June 15, 2015.

ADDRESSES: Written objections are to be filed with the Naval Research Laboratory, Code 1004, 4555 Overlook Avenue SW., Washington, DC 20375–5320.

FOR FURTHER INFORMATION CONTACT: Rita Manak, Head, Technology Transfer Office, NRL Code 1004, 4555 Overlook Avenue SW., Washington, DC 20375–5320, telephone 202–767–3083. Due to U.S. Postal delays, please fax 202–404–7920, email: *rita.manak@nrl.navy.mil* or use courier delivery to expedite response.

Authority: 35 U.S.C. 207, 37 CFR part 404.

Dated: May 21, 2015.

N.A. Hagerty-Ford,

Commander, Judge Advocate General General's Corps, U.S. Navy, Federal Register Liaison Officer.

[FR Doc. 2015–13007 Filed 5–28–15; 8:45 am]

BILLING CODE 3810–FF–P

DENALI COMMISSION

Denali Commission Fiscal Year 2015 Draft Work Plan

AGENCY: Denali Commission.

ACTION: Notice.

SUMMARY: The Denali Commission (Commission) is an independent federal agency based on an innovative federal-state partnership designed to provide critical utilities, infrastructure and support for economic development and training in Alaska by delivering federal services in the most cost-effective manner possible. The Commission was created in 1998 with passage of the October 21, 1998 Denali Commission Act (Act) (Title III of Pub. L. 105–277, 42 U.S.C. 3121). The Act requires that the Commission develop proposed work plans for future spending and that the annual Work Plan be published in the **Federal Register**, providing an opportunity for a 30-day period of public review and written comment. This **Federal Register** notice serves to announce the 30-day opportunity for public comment on the Denali Commission Draft Work Plan for Federal Fiscal Year 2015 (FY 2015).

DATES: Comments and related material to be received by July 1, 2015.

ADDRESSES: Submit comments to the Denali Commission, Attention: Sabrina Cabana, 510 L Street, Suite 410, Anchorage, AK 99501.

FOR FURTHER INFORMATION CONTACT: Ms. Sabrina Cabana, Denali Commission, 510 L Street, Suite 410, Anchorage, AK 99501. Telephone: (907) 271–1414. Email: *scabana@denali.gov*

SUPPLEMENTARY INFORMATION:

Background: The Denali Commission (Commission) is an independent federal agency based on an innovative federal-state partnership designed to provide critical utilities, infrastructure and support for economic development and training in Alaska by delivering federal services in the most cost-effective manner possible. The Commission was created in 1998 with passage of the October 21, 1998, Denali Commission Act (Act) (Title III of Pub. L. 105–277, 42 U.S.C. 3121).

The Commission's mission is to partner with tribal, federal, state, and local governments and collaborate with all Alaskans to improve the effectiveness and efficiency of government services, to develop a well-trained labor force employed in a diversified and sustainable economy, and to build and ensure the operation and maintenance of Alaska's basic infrastructure.

By creating the Commission, Congress mandated that all parties involved partner together to find new and innovative solutions to the unique infrastructure and economic development challenges in America's most remote communities.

Pursuant to the Act, the Commission determines its own basic operating principles and funding criteria on an annual federal fiscal year (October 1 to September 30) basis. The Commission outlines these priorities and funding recommendations in an annual Work Plan. The Work Plan is adopted on an annual basis in the following manner, which occurs sequentially as listed:

- Project proposals are solicited from local government and other entities.
- Commissioners forward a draft version of the Work Plan to the Federal Co-Chair.
- The Federal Co-Chair approves the draft Work Plan for publication in the **Federal Register** providing an opportunity for a 30-day period of public review and written comment. During this time, the draft Work Plan is also disseminated widely to Commission program partners including, but not limited to, the Bureau of Indian Affairs (BIA), the Economic Development Administration (EDA), and the United States Department of Agriculture—Rural Development (USDA–RD).
- Public comment concludes and Commission staff provides the Federal Co-Chair with a summary of public comment and recommendations, if any, associated with the draft Work Plan.
- If no revisions are made to the draft, the Federal Co-Chair provides notice of approval of the Work Plan to the Commissioners, and forwards the Work Plan to the Secretary of Commerce for approval; or, if there are revisions the Federal Co-Chair provides notice of modifications to the Commissioners for their consideration and approval, and upon receipt of approval from Commissioners, forwards the Work Plan to the Secretary of Commerce for approval.
- The Secretary of Commerce approves the Work Plan.
- The Federal Co-Chair then approves grants and contracts based upon the approved Work Plan.

FY 2015 Appropriations Summary

The Commission has historically received federal funding from several sources. These fund sources are governed by the following general principles:

- In FY 2015 no project specific direction was provided by Congress.
- The Energy and Water Appropriation (*i.e.* discretionary funding) is eligible for use in all programs.
- Certain appropriations are restricted in their usage. Where restrictions apply, the funds may be used only for specific program purposes.
- Final appropriation funds received may be reduced due to Congressional action, rescissions by the Office of Management and Budget, and other federal agency action.
- All Energy and Water Appropriation funds, including operating funds, designated as "up to" may be reassigned to other programs, if they are not fully expended in a program component area or a specific project.
- Total FY 2015 Budgetary Resources provided:

These are the figures that appear in the rows entitled "FY 2015 Appropriation" and are the original appropriations amounts which do not include Commission operating funds. These funds are identified by their source name (*i.e.*, Energy and Water Appropriation, TAPL, etc.). The grand total for all appropriations appears at the end of the FY 2015 Funding Table.

- Total FY 2015 Program Available Funding:

These are the figures that appear in the rows entitled "FY 2015 Appropriations—Program Available" and are the amounts of funding available for program(s) activities after Commission operating funds have been deducted. The FY 2015 appropriations bill contains language that the

Other Accompanying Information

Denali Commission FY 2015 Work Plan

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N.A. Hagerty-Ford,

Commander, Judge Advocate General General's Corps, U.S. Navy, Federal Register Liaison Officer.

[FR Doc. 2015–13007 Filed 5–28–15; 8:45 am]

BILLING CODE 3810–FF–P

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Other Accompanying Information

Denali Commission FY 2015 Work Plan

Other Accompanying Information

Financial Management Trends

As a micro agency, the Commission continues to expand use of the services of the Administrative Resource Center (ARC) under the US Treasury, Fiscal Service. These services, which include Travel, Finance, Human Resources and Procurement, allow for our independent agency to continue to meet all federal mandates despite our reduced staff level. ARC has served (and continues to serve) as a cost effective solution to operational budget challenges during times of decreased appropriations. In a professional manner, ARC ensures that our agency still maintains high quality and exceptional performance in all of our management systems. We look forward to many more years of partnership with this federal Center of Excellence.

Summary of Material Weaknesses, Non-Conformances and Corrective Action Plans

For FY 2015, the Commission received an unqualified opinion in its annual financial audit. The results of this audit also found no material weaknesses. The auditor stated that the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles; that the Commission had effective internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations, along with no reportable noncompliance with laws and regulations with the items that were tested.

In FY 2014, the Commission's received an unqualified opinion in its annual financial audit. The results of this audit also found no material weaknesses and no significant deficiencies. The auditor stated that the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles; that the Commission had effective internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations, along with no reportable noncompliance with laws and regulations with the items that were tested.

Other Accompanying Information

Improper Payments Report

On July 22, 2010, the President signed into law the Improper Payments Elimination and Recovery Act (IPERA).IPERA amended the Improper Payments Information Act of 2002 (IPIA) and generally repealed the Recovery Auditing Act. OMB has supplied implementing direction on IPERA which requires:

- Review all programs and activities and identify those that are susceptible to significant improper payments.

  Because of its small size, Denali Commission has assessed all of its grant programs and acknowledges that all are susceptible to improper payments as defined by the IPERA. However, none of the Commission's program meet the threshold of 'significant improper payment' defined in Section 57 of OMB Circular A-11, which would be both 1.5 percent of program outlays and $10,000,000 of all program or activity payments during the fiscal year. And none of the agency's grant programs are funded at $100,000,000.

- Obtain a statistically valid estimate of the annual amount of improper payments in programs and activities for those programs that are identified as susceptible to significant improper payment.

  Denali Commission has assessed all of its grant programs, and finds that none of the programs or activities reach the definition of 'significant improper payments'.

- Implement a plan to reduce improper payments

  This requirement does not apply to the Commission, as no programs or activities were identified with the conditions above.

- Report estimates of the annual amount of improper payments in programs and activities and progress in reducing them

  The Commission is not required to report on this component.

Joel Neimeyer
Federal Co-Chair

Inspector General's Perspective on Management and Performance Challenges Facing the Denali Commission

Denali Commission
Office of Inspector General
Anchorage, AK 99501

November 6, 2015

INFORMATION MEMORANDUM FOR THE DENALI COMMISSIONERS

FROM: David Sheppard
Inspector General

SUBJECT: Top Management Challenges Facing the Denali Commission in Fiscal Year 2016

Enclosed is our report on the Denali Commission's Top Management Challenges for fiscal year (FY) 2016. The Commission has been substantially affected by continued budget reductions and a decision by the Justice Department in 2006 regarding the application of federal conflict-of-interest rules to the Commissioners. I expect that it will also be substantially affected by the President's announcement that the Commission will play a lead coordination role in addressing the impacts of climate change in Alaska. While inherent logistical challenges continue to impact the Commission staff's ability to visit funded projects, a recent OIG audit report on the Commission's grant monitoring efforts should improve the agency's efforts.

We remain committed to keeping the Commission's decision-makers informed of issues identified through our audits, evaluations, and investigations so that timely corrective actions can be taken. The Commission's response to our October 13, 2015, draft Top Management Challenge's report is included as an appendix. This report will be included in the Commission's Agency Financial Report, as required by law.[1]

We appreciate the cooperation received from the Commission, and we look forward to working with you in the coming months. If you have any questions concerning this report, please contact me at (206) 220-7970.

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

[1] 31 U.S.C. § 3516(d).

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

The Denali Commission has had diminishing funding since fiscal year (FY) 2006; it no longer receives Congressional earmarks and receives few transfers from other federal or state agencies. In FY 2006, the Commission's budget was $140.6 million, with funding coming from six federal sources. Its FY 2015 budget was $14 million, with funding coming from only two federal sources: the Energy and Water Development and Related Agencies Appropriations Act, 2014, and the Trans-Alaska Pipeline Liability Fund. Despite drastic reductions in funding, the Commission continues to explore ways to improve rural Alaska. On September 2, 2015, the President of the United States announced an initiative on climate change and village relocation efforts, stating that "the Denali Commission will play a lead coordination role for Federal, State and Tribal resources to assist communities in developing and implementing both short- and long-term solutions to address the impacts of climate change, including coastal erosion, flooding, and permafrost degradation."

In fiscal year 2014, the Commission entered into an agreement with Enlighteneering, Inc, to help begin the critical effort of creating a strategic plan. The commissioners met on March 27, 2015 to begin their strategic planning process. While their plan has not yet been finalized, the process could help bring together Commissioners with different perspectives and varied perceptions of the Commission's priorities. It will require Commission staff, the federal co-chair, and the Commissioners themselves to agree on core values and a common vision for the Commission's future. Considering the President's announcement of the Commission's new role in a time of limited and uncertain funding, this will be a challenge.

These complexities are the very reasons that the completion of a strategic vision and planning effort is so critically important. Strategic planning will help the Commission fulfill its mandate from Congress by (a) clearly identifying its priorities and whom it should be serving, (b) developing a process to help it deliver those priorities to its beneficiaries, which are primarily rural Alaska communities, and (c) helping to identify the best approach to delivering on the President's new initiative. The planning process will also help the Commission to make the best use of its limited funding and unite the Commission staff, the Commissioners, and its stakeholders—which include its beneficiaries, the Alaskan Congressional delegation, and others—around a common vision and approach. The planning process should also provide the Commission with a method of assessing whether its activities are successfully meeting measurable program goals.

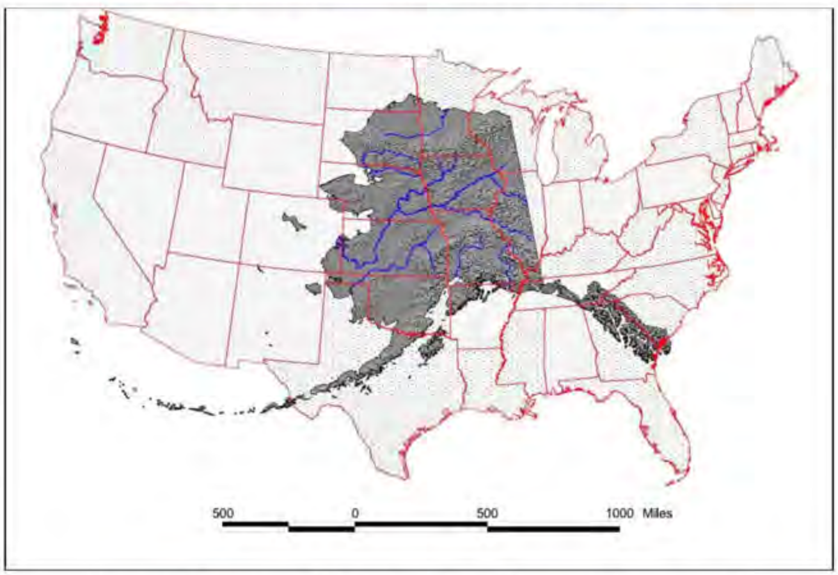
In order to have an effective strategic planning process, the Commission must have the full support of each staff member and each Commissioner, working toward a common goal and pulling in the same direction.

Inspector General's Perspective on Management and Performance Challenges Facing the Denali Commission

Challenge 2: Improving the Monitoring of Grant Recipients in the Face of Logistical Challenges

Alaska's large size, sparse population, and lack of roads present a challenge to the Commission in monitoring the activity of its grant recipients. The state's land mass comprises more than 570,000 square miles, by far the largest of the 50 states (see figure 1), but it is among the most sparsely populated—ranking 47th, with just over 735,000 residents. Alaska's terrain of vast wilderness creates natural barriers to transportation. As a result, Alaska has very few roads, and those that exist cover only a small area of the state (see figure 2). Most cities and villages in Alaska, including the capital city of Juneau, are accessible only by sea or air.

Figure 1. Size of Alaska Compared to the Lower 48 States

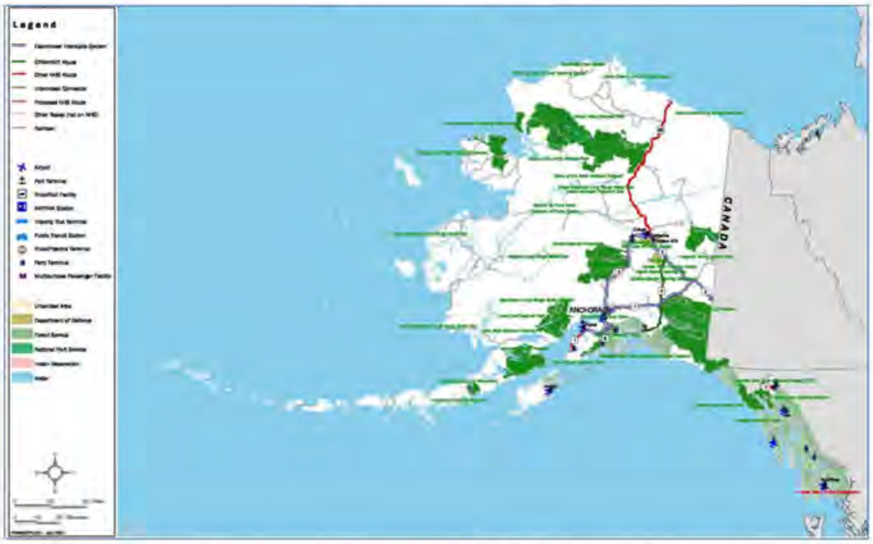


Source: U.S. Department of Agriculture, Natural Resources Conservation Service.

Much of the Denali Commission's funds support projects located in rural areas of Alaska. These projects can be difficult and expensive to visit. For example, in 2008 the Commission provided nearly $1.53 million to the Alaska Native Tribal Health Consortium for the construction of a clinic in Kobuk, Alaska, a city in the Northwest Artic Borough. The only way of reaching Kobuk is by air, and its airport is a general aviation facility that does not have regularly scheduled commercial passenger service. A flight from Anchorage to Kobuk can take between 9 and 11 hours with two stops, and costs nearly $900; there are no hotels in or around Kobuk.

Inspector General's Perspective on Management and Performance Challenges Facing the Denali Commission

Figure 2. Alaska Highways



Source: U.S. Department of Transportation, Federal Highway Administration.

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

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

We conducted a review of the Commission's project monitoring and assessment process in FY 2015. Based on results of the audit,[2] the Commission plans to implement processes and procedures to better monitor and assess grant performance within the inherent logistical constraints.

[2] Denali Commission Office of Inspector General, September 24, 2015. *Audit of Denali Commission Grant Monitoring Process*, DCOIG-15-012-A.

Inspector General's Perspective on Management and Performance Challenges Facing the Denali Commission

Challenge 3: Engaging Commissioners in Light of Ethics Concerns and Funding Realities

The Denali Commission Act of 1998 establishes that the Commission will be composed of seven members appointed by the Secretary of Commerce, including the presidents of the University of Alaska, the Alaska Municipal League, the Alaska Federation of Natives, the American Federation of Labor and Congress of Industrial Organizations (AFL–CIO) Alaska, the Associated General Contractors of Alaska, the governor of Alaska (state co-chair), and the federal co-chair of the Denali Commission. The commissioners represent a variety of perspectives throughout Alaska and are responsible for creating an annual work plan for the Commission. While the Act establishes the Governor of Alaska as the state co-chair, the Governor asked the Secretary of Commerce to appoint the Lieutenant Governor of Alaska to serve in that capacity.

Given the positions held by the Commissioners within their respective organizations, the Commission requested an opinion from various federal entities—including the Office of Government Ethics and the Department of Justice—on whether federal conflict-of-interest laws apply to Commissioners. The decisions provided by the Department of Justice in 2006 and 2007 were that, absent an exemption, the federal conflict-of-interest laws apply to all Commissioners, in part because they are considered "special government employees."[3] In light of this determination, Commissioners became concerned about their level of engagement, considering that they could be held criminally liable for breaking conflict-of-interest laws. However, exceptions from conflicts of interest can be established by Congressional action or the granting of a waiver or exception.

As noted previously, the Commission's funding has been declining since 2006 and is currently only $13.8 million. While funding is not the only incentive for Commissioners to be engaged in the work of the Commission, encouraging all Commissioners to be sufficiently engaged with the Commission's work remains a challenge.

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

[3] A special government employee is defined by law (18 U.S.C. §202) as an "officer or employee ... who is retained, designated, appointed, or employed to perform, with or without compensation, for not to exceed one hundred and thirty days during any period of three hundred and sixty-five consecutive days, temporary duties either on a full-time or intermittent basis, a part-time United States commissioner, a part-time United States magistrate judge, or, regardless of the number of days of appointment, an independent counsel."

Federal Co-Chair Response to Inspector General's Perspectives on Management and Performance Challenges Facing the Denali Commission, November 2015

Denali Commission
510 L Street, Suite 410
Anchorage, AK 99501

907.271.1414 *tel*
907.271.1415 *fax*
888.480.4321 *toll free*
www.denali.gov

Memorandum

To: David Sheppard, Acting Inspector General
From: Joel Neimeyer, Federal Co-Chair
Subject: Response to Top Management Challenges Facing the Denali Commission in FY2016
Date: November 6, 2015

This is in response to your memo dated October 13, 2015 concerning the above referenced subject. The following is offered.

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

I concur with this management challenge. Commissioners started the 5-Year Strategic Planning process at the March 27, 2015 meeting. This work was then further refined by agency staff and our contract associates with Enlighteneering, Inc. Agency senior management concluded that the staff work requires more input from Commissioners. Accordingly, the draft plan will be provided to Commissioners for further review. To the topic of Village Relocation Efforts it is vital that the Commission establish a working relationship with the Arctic Executive Steering Committee (AESC) which the President established via Executive Order 13689. The AESC will have some level of oversight over the work of the agency on village relocation and other adaptation strategies. I am hopeful that both Commissioners and the AESC will soon develop a good working relationship.

Challenge 2: Improving the Monitoring of Grant Recipients in the Face of Logistical Challenges:

I concur with this management challenge. The composition and role of agency staff is in a period of transformation. We are working towards developing a team of "generalists" who understand how the Federal government functions. These generalists can then support subject matter experts who provide specific technical support on areas of agency interest. We have yet to make this transition in agency personnel, but the question of improving grant monitoring is one aspect of how we may in the field review completed projects with subject matter experts.

Challenge 3: Engaging Commissioners in Light of Conflict-of-Interest Concerns and Funding Realities:

I concur with this management challenge. Senior agency staff has developed new approaches we hope the Commissioners will adopt so that they can be more meaningfully engaged in agency matters. These approaches will be considered, in stages, by Commissioners in FY2016.

I thank you for the opportunity to comment on the Top Management Challenges for 2016.