



Denali Commission
Office of Inspector General
Seattle, WA 98174

November 17, 2014

Beryl H. Davis
Director, Financial Management and Assurance
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Ms. Davis,

Attached is the Denali Commission Office of Inspector General's action plan in response to the Government Accountability Office's final report titled "Improvements Needed in the Office of Inspector General's Oversight of the Denali Commission." The action plan describes the actions planned or taken to address the nine recommendations made in the report, and provides scheduled completion dates.

We appreciate the opportunity to respond to your final report. If you have any questions, please contact me directly at (206) 220-7970.

Sincerely,

A handwritten signature in blue ink, appearing to read "David Sheppard".

David Sheppard
Acting Inspector General

Attachment

cc: Joel Neimeyer, Federal Co-Chair, Denali Commission
Susan Bell, State Co-Chair, Denali Commission
Vince Beltrami, Commissioner, Denali Commission
Patrick K. Gambel, Commissioner, Denali Commission
Julie E. Kitka, Commissioner, Denali Commission
John MacKinnon, Commissioner, Denali Commission
Kathie Wasserman, Commissioner, Denali Commission
Todd Zinser, Inspector General, U.S. Department of Commerce

Denali Commission OIG Audit Action Plan

Audit Report Title: Improvements Needed in the Office of Inspector General's Oversight of the Denali Commission

Audit Report Number: Final Report no. GAO-14-320

Audited Entity: Denali Commission Office of Inspector General

GAO Recommendation 1: Develop and implement a risk-based approach that adheres to professional standards to help ensure effective oversight of the major Commission programs and operations in the form of audits and investigations.

Action Planned or Taken: We agree. In May 2014, the Denali Commission entered into an agreement (since amended to extend through fiscal year 2015) with the Department of Commerce's Office of Inspector General (DOC-OIG) to provide the Commission with a full range of inspector general services. With the agreement of the Commerce Department's Inspector General, the Denali Commission subsequently named DOC-OIG's Regional Inspector General in Seattle, David Sheppard, to be Acting Inspector General for the Denali Commission. He is currently conducting a risk assessment to ensure that high-risk programs, funded entities, and administrative operations are identified and considered for audit and evaluation. The DOC-OIG's Office of Investigations will receive allegations through its hotline, as well as referrals that come as a result of risk assessments, audits, evaluations, inspections, and other intake sources.

Target Implementation Date:

- As of September 2014, the DOC-OIG's Office of Investigations includes Denali Commission complaints within its hotline intake menu.
- We began a risk assessment on August 11, 2014.
- We expect to complete the risk assessment by December 31, 2014.

GAO Recommendation 2: Develop policies and procedures for Denali OIG office operations and management activities in accordance with the Council of Inspectors General on Integrity and Efficiency's (CIGIE's) *Quality Standards for Federal Offices of Inspector General*.

Action Planned or Taken: We agree. We have written and finalized a set of policies and procedures to address the audit, evaluation, and inspection side of the work done by the Denali Commission OIG. The Denali OIG will use the services of the DOC-OIG's Office of Investigations and therefore will adopt the processes and procedures used by DOC-OIG in dealing with allegations, the conduct of investigations, and reporting on investigations.

Target Implementation Date:

- The Denali Commission OIG audit and evaluation directives were completed October 20, 2014.
- The DOC-OIG's Office of Investigation's assumption of Denali Commission hotline complaints is complete.

GAO Recommendations 3–6: Implement the Denali OIG's policies and procedures developed in accordance with CIGIE's *Quality Standards for Federal Offices of Inspector General* to ensure that the Denali OIG's management and operation of its office includes the following:

3. annual work and strategic plans that identify goals, objectives, and performance measures to be accomplished by the OIG within a specific period;
4. a quality assurance framework that includes both internal and external quality assurance reviews;
5. an internal control structure that includes all elements of internal control, such as the control environment, risk assessment, control activities, information and communication, and monitoring; and
6. an OIG hotline to receive and review anonymous tips, referrals, and allegations to help prevent and detect potential fraud, waste, and abuse.

Action Planned or Taken: We agree. Our office's directives include policies and procedures to address planning for, conduct of, and reporting on audits, evaluations, and inspections. They include a section on annual planning, risk assessments, and internal and external quality control processes and procedures. The Denali OIG will use the services of the DOC-OIG's Office of Investigations and will therefore adopt the processes and procedures used by DOC-OIG in dealing with allegations, the conduct of investigations, and reporting on investigations. We are in the process of placing a link to the DOC-OIG's complaint hotline on the websites of both the Denali Commission and the Denali Commission OIG.

Target Implementation Date:

- The Denali Commission OIG audit and evaluation directives were completed October 20, 2014.
- The Commerce OIG's Office of Investigation's assumption of Denali Commission hotline complaints is complete.

GAO Recommendation 7: Update the OIG's policies and procedures for inspections to ensure that they are fully in accordance with CIGIE's *Quality Standards for Inspection and Evaluation*.

Action Planned or Taken: We agree. Our directives include policies and procedures to address planning for, conduct of, and reporting evaluation and inspections, in accordance with CIGIE's *Quality Standards for Inspection and Evaluation*. They include a section on annual planning, risk assessments, and internal and external quality control procedures.

Target Implementation Date:

- The Denali Commission OIG audit and evaluation directives were completed October 20, 2014.

GAO Recommendation 8: Conduct inspections that are fully in accordance with CIGIE's *Quality Standards for Inspection and Evaluation* and the Denali OIG's policies and procedures.

Action Planned or Taken: Our directives require that all inspections and evaluations be conducted in accordance with CIGIE's *Quality Standards for Inspection and Evaluation* and the Denali OIG's policies and procedures.

Target Implementation Date:

- The Denali OIG's audit and evaluation directives were completed October 20, 2014.

GAO Recommendation 9: Prepare semiannual reports to Congress that fully comply with the reporting requirements of the Inspector General Act.

Action Planned or Taken: The Acting Inspector General of the Denali Commission prepared the March 2014 semiannual report to Congress in compliance with the Inspector General Act, with the exception of submission deadlines. We were unable to submit the report in a timely manner because we had not yet entered into an agreement with the Denali Commission at the time the reports were due. We then had to examine the prior Inspector General's records to ensure we could deliver the required information in the semiannual report as accurately as possible. We have worked with the Denali Commission's staff and commissioners on a process that should ensure that future semiannual reports are submitted in a timely manner and in accordance with the Inspector General Act.

Target Implementation Date:

- Completed October 6, 2014.