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SEMIANNUAL REPORT TO THE CONGRESS

FY 2011 – FIRST HALF

OFFICE OF THE INSPECTOR GENERAL

DENALI COMMISSION

ANCHORAGE, ALASKA

MEMORANDUM FOR FEDERAL CO-CHAIR NEIMEYER

From: Mike Marsh, CPA, MPA, CFE, Esq.
Inspector General

Subject: Semiannual report to agency head and Congress for first half of FY 2011

The discussion below constitutes my report to the agency head and Congress, as required by the Inspector General Act, for the first half of FY 2011.

FOCUS OF THIS PERIOD'S REPORT TO CONGRESS

The Denali Commission's statutory authorization expired two years ago. Congressional staff and OMB are considering the future statutory fate of Congress' only experiment with a regional commission that serves a single state (Alaska).

Congress' other six regional commissions each serve from four to 13 states. The single-state Denali Commission (Denali) has a unique statute that has been problematic to implement in practice over its short federal lifespan of just over a decade.

Denali has had its own full-time, in-house Office of Inspector General (OIG) for the past five years, and we've long reported on the commission's problems in our semiannual reports to Congress. However, last year we began a series of three such reports that specifically reflect on the lessons learned from Denali's decade. Congress has given Denali around \$1 billion and considerable statutory flexibility during this experiment. And it's time to think hard about what's been done with what's been given.

We consider this semiannual report to Congress (May 2011) to constitute the third installment of our "trilogy" that offers OIG's perspective on the agency's form and future.

In our report issued a year ago (May 2010), Denali OIG offered an extensive review of the agency's troublesome enabling act — as Congress has encouraged us to do in section 4(a)(2) of the Inspector General Act. That provision directs inspector generals to do the following:

to review existing and proposed legislation and regulations relating to programs and operations of such establishment and to make recommendations in the semiannual reports required by section 5(a) concerning the impact of such legislation or regulations on the economy and efficiency in the administration of programs and operations . . .

We thus cataloged over 80 potential statutory amendments at the conceptual level. We discussed the issues in depth and we recommended solutions, but we did not attempt to offer the specific technical language that would be needed to implement those solutions through legislation. Our overall position was that “*OIG does not recommend that Congress reauthorize the Denali Commission without a major overhaul of its enabling statute.*”¹

However, after conferring with the agency head, CFO, OMB, and congressional staff, Denali OIG concluded that it would be valuable for us to pass on our institutional memory of the missing statutory language that would have made the agency lower maintenance for the federal system. This more specific type of OIG recommendation seemed consistent with Congress’ encouragement in section 4(a)(4) of the Inspector General Act for us to do the following:

to recommend policies for, and to conduct, supervise, or coordinate relationships between such establishment and other Federal agencies, State and local governmental agencies, and nongovernmental entities with respect to (A) all matters relating to the promotion of economy and efficiency in the administration of . . . programs and operations . . .

Thus, Denali OIG’s last semiannual report to Congress (November 2010) suggested potential language for a major overhaul of a very troubled enabling act. We expressed our hope that these suggestions might assist in the congressional conversation as to what the public should expect from a reauthorized regional commission (and what geography constitutes a meaningful “region”). At the least, we hoped that those ultimately sentenced to craft Denali’s new language would find our suggestions helpful input on the options that might prevent future problems with this type of entity.

If we consider the instant (May 2011) report as the third installment of the “trilogy,” Denali OIG will focus this time on responding to requests from various sources² to assess the implementation of recommendations from *all* (!) semiannual reports we’ve ever issued (basically the last five years).

Over these years, Denali OIG has made a total of 159 recommendations in our semiannual reports to the Congress (see detailed list in the **Appendix**). Those recommendations have covered the following subject areas:

<i>Better Staffing (Players and Personnel)</i>	29
<i>Better Funding Diversification and Flexibility</i>	21
<i>Better Agency Processes</i>	40
<i>Better Conflict Resolution</i>	11
<i>Better Controls Over the Use of Grant Funds</i>	25
<i>Agency's Optimal Permanent Structure</i>	8
<i>Potential "Value Added" for the Public (Filling the Federal Gaps)</i>	<u>25</u>
	<u>159</u>

¹ See Denali OIG, *Semiannual Report to the Congress* (May 2010), page 35.

² The agency head and congressional staff have been among the requestors.

As detailed in the **Appendix**, the 159 recommendations can also be summarized as falling within the following categories that Congress has listed as “fair game” in the Inspector General Act:

<i>Potential statute changes</i> [IG Act sec. 4a(2)]	84
<i>Program effectiveness</i> [IG Act sec. 4a(1)]	14
<i>Prevention of waste or fraud</i> [IG Act sec. 4a(3)]	35
<i>Program efficiency</i> [IG Act sec. 4a(3)]	11
<i>Compliance with laws</i> [IG Act sec. 4a(1)]	<u>15</u>
	<u>159</u>

Exhibit 1 summarizes OIG’s assessment of the implementation status for the 159 recommendations. Denali’s management may expectedly challenge our assessment on some issues, and the agency head’s public response to this report is, of course, the place to alert readers to such differences.³

Around half (84) of our 159 recommendations are simply matters left to Congress’ discretion whenever it chooses to renew, fix, or scrap the enabling legislation.

Larger OIGs with specialized staff traditionally report the dollars recovered in lawsuits against grantees and the number of grantees sent to jail. While such litigation certainly sends a deterrent message, the recommendations from the tiny Denali OIG (now 1 FTE, that is, the IG himself with no staff) have by necessity emphasized prevention of the disease rather than treatment of its symptoms.

The **Appendix** shows that our recommendations over the past five years have focused upon the improvement of processes and programs, the prevention of waste, and the statutory fixes that Congress should

consider for persistent issues. This approach is less tangible (and less statistically countable⁴) than garnished grantees in belly chains, but it still seems the best way to leverage the limited resources (again, 1 FTE) of the smallest of the statutory federal OIGs.

³ See Inspector General Act sec. 5(b).

⁴ For what it’s worth to those wishing to advance the inspector general function over the long run, we also note that the statistics emphasized in the Inspector General Act don’t capture four types of statutory activities that can be significant — particularly when a small OIG must leverage very limited resources (1 FTE in our case). First, OIG technical assistance to the agency in preventing or resolving problems (“coordination,” “policy direction”) is encouraged by IG Act sections 4(a)(1), (3), (4) so long as consistent with OIG independence. Second, OIG reviews of statutes for potential changes by Congress are encouraged by IG Act section 4(a)(2). Third, OIGs can spend considerable time informally briefing the agency head, congressional staff, and oversight

EXHIBIT 1 RECOMMENDATIONS BY DENALI’S INSPECTOR GENERAL IN SEMIANNUAL REPORTS TO CONGRESS <i>FY 2006 TO FY 2011</i>	
Total recommendations made by IG	159
Recommendations to management	75
Implemented by management	23
Not implemented by mgmt	34
Under consideration by mgmt	14
Moot	4
Recommendations to Congress (potential statute changes)	84

However, our past two reports have candidly recommended that Congress consolidate Denali's OIG with the one that will serve the three other regional commissions created in the 2008 Farm Bill.⁵ The economies of scale from this consolidation should provide greater public oversight of Denali's funding than the agency's current OIG can do as a force of one. And that consolidation remains our recommendation in this report.

THE FATE OF THE FOUR: REGIONALS ON THE ROPES

The Denali Commission is one of the seven existing "regional commissions" that Congress has created in federal statutes. However, Denali is also among the four of these regional commissions whose continued viability is clouded with uncertainty.

Denali Commission. This regional commission serves only the single state of Alaska and was created by the Denali Commission Act⁶ in 1998. Congress now funds the agency at less than half of its highest support in prior years, with Congress recently rescinding⁷ \$15 million of previous funding. Congress has also stopped funding two of Denali's significant programs: the building of remote clinics and the training of rural workers. The agency has a rented office in Anchorage, Alaska and less than 20 employees at this point.

The agency's statutory authorization expired back in FY 2008 (though the agency has continued to receive limited annual appropriations and spend unused no-year funding). The Congressional Budget Office, OMB, and Denali OIG have in our publications challenged the efficiency of Congress' sole experiment with a "regional" commission that includes only a single state.⁸

regulators (e.g., GAO, OMB) on agency issues under IG Act section 4(a)(5) (the statutory phrase "and otherwise" is an alternative to formal written reports). Fourth, OIGs can per IG Act section 6(a)(3) obtain authoritative determinations of oversight issues that are important resolutions in themselves (e.g., GAO comptroller general decisions, OLC legal opinions, OMB interpretations).

⁵ In the 2008 Farm Bill, Congress created three new regional commissions that together serve a total of 15 states. See P.L. 110-246, sections 15301, 15731-15733 (40 USC 15301, 15731-15733). Congress included the following provision for a consolidated inspector general function:

Appointment of Inspector General.—There shall be an Inspector General for the Commissions appointed in accordance with section 3(a) of the Inspector General Act of 1978 (5 U.S.C. App.). All of the Commissions shall be subject to a single Inspector General.

See P.L. 110-246, sec. 15704 (40 USC 15704).

⁶ See P.L. 105-277, 42 USC 3121.

⁷ See P.L. 112-10 sec. 1477. Denali OIG has requested the comptroller general's formal guidance as to how management can implement this rescission in practice without violating the Antideficiency Act. See pending GAO decision # B-322162 (Subject: *Denali Commission—Fiscal Year 2011 Rescission*). This is an appropriate approach to such issues under 31 USC 3526(d), 31 USC 3529, and Inspector General Act sections 4(a)(4) and 6(a)(3).

⁸ See Denali OIG, *Semiannual Report to the Congress* (May 2010), pages 35-37, 40-42; "Inspector General's Perspective on Management and Performance Challenges Facing the Denali Commission" in the *2009 Performance and Accountability Report*; OMB's recommended "Terminations, Reductions, and Savings," pages 2, 20, 21, 33 in *Budget of the U.S. Government, Fiscal*

Northern Border Regional Commission. This regional commission represents four northeastern states and was created by the 2008 Farm Bill.⁹ Its funding has so far been limited to a single appropriation of \$1.5 million.¹⁰ It has a presidentially-appointed agency head but no staff. He works alone from a federal office building in Maine. The agency's current statutory authorization expires in FY 2012.¹¹

Southeast Crescent Regional Commission. This regional commission represents seven southeastern states and was created by the 2008 Farm Bill.¹² Its funding has so far been limited to a single appropriation of \$250,000.¹³ It so far has no agency head, no staff, and no office. The agency's current statutory authorization expires in FY 2012.¹⁴

Southwest Border Regional Commission. This regional commission represents four southwestern states and was created by the 2008 Farm Bill.¹⁵ It so far has no appropriations, no agency head, no staff, and no office. The agency's current statutory authorization expires in FY 2012.¹⁶

*Potential solution: completely virtual offices of
teleworking staff detailed from other organizations*

The traditional assumption is that agencies, at a minimum, need funding for their own personnel and office space to start and stay in business.

However, all four of the regional commissions in question have the statutory authority in their enabling acts to request temporary details of employees from other federal agencies.¹⁷ Further, the Intergovernmental Personnel Act allows the regional commissions to arrange details of experts from state, tribal, nonprofit, university, and local governmental entities.¹⁸ And all four

Year 2010 at www.budget.gov; OMB, *Program Assessment of Denali Commission*, at www.expectmore.gov; Congressional Budget Office, *Budget Options*, vol. 2 (August 2009), sec. 450-5, page 106 at www.cbo.gov.

⁹ See P.L. 110-246, secs. 15301, 15733 (40 USC 15301, 15733).

¹⁰ See FY 2010 Energy and Water Development Appropriations Act (P.L. 111-85) sec. 314.

¹¹ See 40 USC 15751.

¹² See P.L. 110-246, secs. 15301, 15731 (40 USC 15301, 15731).

¹³ See FY 2010 Energy and Water Development Appropriations Act (P.L. 111-85) sec. 314.

¹⁴ See 40 USC 15751.

¹⁵ See P.L. 110-246, secs. 15301, 15732 (40 USC 15301, 15732).

¹⁶ See 40 USC 15751.

¹⁷ See 40 USC 15304(a)(5); 40 USC 15304(b); Denali Commission Act (PL 105-277) secs. 305(a), 306(d).

¹⁸ See 5 USC 3372-3374.

commissions have the statutory authority to accept donated services.¹⁹ (For instance, a regional commission could conceivably borrow an expert from a charitable foundation for either a task or a time period.)

Agencies frequently loan personnel for specific assignments or defined time periods without reimbursement for salaries. They see a mutual benefit, a linked fate, or a “partnership.” But the borrowing agency may still face the obstacle of funding the loaned employee’s travel and lodging expenses at the temporary workplace. However, under the new Telework Enhancement Act of 2010,²⁰ regional commissions should consider the potential service of detailed employees using videoconferencing and other online technology that would negate the need for travel from their permanent duty stations.

In fact, the new law requires that federal agencies assess all employee positions for potential conversion to telework.²¹ The goal is obviously to reduce the government’s “footprint” of physical office space. The four struggling regional commissions (including Denali) should seriously consider the feasibility of a completely virtual existence with teleworking employees as a substitute for the overhead of maintaining a physical office site.

Potential solution: economies of scale from expanded “regions”

The federal system is populated with many small, specialized agencies. The service area of the Denali Commission is limited to Alaska. The Congressional Budget Office, OMB, and Denali OIG have in our publications challenged the efficiency of Congress’ sole experiment with a “regional” commission that includes only a single state.²²

OIG’s past two reports²³ have recommended that Congress consider the potential combination of an expanded regional commission that would serve Alaska, Hawaii, Guam, American Samoa, the Northern Mariana Islands, and the three multi-island former Pacific territories (freely associated states) that receive congressional support through the Department of the Interior and other federal agencies. While the climates are obviously dissimilar, Denali’s lessons-learned in serving small, isolated, road-challenged, ethnically-diverse settlements should be quite transferable to such a “Pacific Regional Authority” (e.g., small clinics and power plants).

¹⁹ See 40 USC 15304(a)(7); Denali Commission Act (PL 105-277) sec. 305(c).

²⁰ See P.L. 111-292; 5 USC 6501-6506.

²¹ See P.L. 111-292 sec. 2; 5 USC 6502(a)(1).

²² See Denali OIG, *Semiannual Report to the Congress* (May 2010), pages 35-37, 40-42; “Inspector General’s Perspective on Management and Performance Challenges Facing the Denali Commission” in the *2009 Performance and Accountability Report*; OMB’s recommended “Terminations, Reductions, and Savings,” pages 2, 20, 21, 33 in *Budget of the U.S. Government, Fiscal Year 2010* at www.budget.gov; OMB, *Program Assessment of Denali Commission*, at www.expectmore.gov; Congressional Budget Office, *Budget Options*, vol. 2 (August 2009), sec. 450-5, page 106 at www.cbo.gov.

²³ See Denali OIG, *Semiannual Report to the Congress* (Nov. 2010), page 4; Denali OIG, *Semiannual Report to the Congress* (May 2010), page 37.

The Southeast Crescent Regional Commission covers seven southern states. Congress should similarly consider expanding the defined region to include Puerto Rico and the U.S. Virgin Islands in the adjacent Caribbean.

*Potential solution: economies of scale from incorporation as
“operating administrations” under the Secretary of Commerce*

Each of the four regional commissions has structural independence within the federal system. While agencies appreciate the flexibility that comes with this status, the independence can be meaningless if an agency in practice lacks the personnel and appropriations to accomplish its mission — or to even get started in the first place.

OIG’s reports (and our many recommendations) have detailed the lessons from Denali’s decade of difficulties, as the small commission has attempted to conform to the labyrinth of federal expectations for an independent agency. There is simply a point where small size converts the independence into isolation. The three new regional commissions will probably face the same challenges as Denali unless placed under a support services umbrella with some practical economies of scale.

The best model for a potential solution may be the Saint Lawrence Seaway Development Corporation (SLSDC), an “operating administration” with a separate corporate existence under the Secretary of Transportation. SLSDC is governed by a presidentially-appointed “administrator” that reports to the Secretary. The administrator has the benefit of advice from an “advisory board,” whose five members are also presidential appointments. The advisory board meets at least quarterly at the call of the administrator and advises the latter on the agency’s “general policies.” The advisers are paid per diem and travel for their services.²⁴

Congressional testimony by the SLSDC administrator last year suggested an economic development role similar to that envisioned for the regional commissions:

*The St. Lawrence Seaway directly serves an eight-state, two-province region that accounts for 29 percent of the U.S. gross domestic product (GDP), 60 percent of Canada’s GDP, 55 percent of North America’s manufacturing and services industries, and is home to one-quarter of the continent’s population. In fact, a 2001 economic impact study found that maritime commerce on the Great Lakes Seaway System impacts 150,000 U.S. jobs, \$12 million per day in wages, \$9 million per day in business revenues, and provides approximately \$3.6 billion in annual transportation cost savings compared to the next least expensive mode of transportation.*²⁵

²⁴ See 33 USC 981-982; 49 USC 110; 49 CFR 1.3, 1.25.

²⁵ Written testimony on “Agency Budgets and Priorities For FY 2011” by SLSDC Administrator Collister Johnson, Jr. to the Subcommittee on Water Resources And Environment of the House Committee On Transportation And Infrastructure (March 4, 2010), page 1, at www.greatlakes-seaway.com/en/pdf/slsdc_speeches_20100304.pdf.

The statutory relationship between SLSDC and a cabinet secretary seems the optimal day-to-day balance between autonomy for a specialized mission and the needed administrative support from practical economies of scale. Based upon the lessons from Denali's decade of difficulties, OIG recommends that Congress consider incorporating each of the four regional commissions as an operating administration headed by an administrator that reports to the Secretary of Commerce.

Each administrator should have the benefit of advice from a statutory advisory board subject to the Federal Advisory Committee Act (FACA). And the latter statute makes it clear that such advisory panels are known by many names. Whether called a "commission," "board," "committee," "council," or "task force," a group that advises an agency is treated as an "advisory committee" subject to FACA's rules for public accountability unless Congress says otherwise.²⁶

Potential solution: statutory flexibility for diversified funding

All four regional commissions are currently in a state of waiting for the congressional appropriations needed to plan their futures. They face uncertainty as to how long they will wait — and whether they can go elsewhere.

Traditional federal agencies work within a legal norm that limits their spending to such appropriations as Congress decides to send them. Efforts to circumvent the congressional limits by going elsewhere are prohibited "augmentations" unless Congress gives the statutory blessing.

On the other hand, Congress created the regional commissions assuming a federal-state-tribal "partnership" that would leverage appropriations with funding from other sources. The three new commissions created in 2008 seem to have the statutory flexibility to pursue such diversified funding:

Sources of Grants. - Grant amounts may be provided entirely from appropriations to carry out this subtitle, in combination with amounts available under other Federal grant programs, or from any other source.²⁷

However, the Denali Commission doesn't have such a provision in its enabling legislation. In attempts to pursue alternative funding, Denali struggles with a legal straitjacket that only Congress can loosen.

OIG's past reports²⁸ to Congress have detailed the following 10 frustrations: (1) Denali can't accept a grant from the state government;²⁹ (2) Denali can't accept a grant from another federal

²⁶ See Federal Advisory Committee Act sections 3(2), 4 (5 USC App.).

²⁷ 40 USC 15501(c).

²⁸ See Denali OIG, *Semiannual Report to the Congress* (May 2010), pages 6-9; Denali OIG, *Semiannual Report to the Congress* (Nov. 2010), pages 7, 10, 15-17.

²⁹ See GAO, *Denali Commission—Authority to Receive State Grants*, # B-319246 (Sept. 1, 2010) at www.gao.gov.

agency; (3) Denali can't accept a transfer from another federal agency unless the sender has statutory authority; (4) Denali can't recover grant-funded property and apply the disposal proceeds to future grants; (5) Denali can't dispose of surplus equipment and spend the proceeds; (6) Denali's board members can't waive their compensation that is set by statute without risking tax consequences;³⁰ (7) Denali's authority to accept a cash donation is uncertain;³¹ (8) Denali can't accept a donation in which the donor specifies the use (a conditional donation);³² (9) Denali may experience bureaucratic delays³³ or restrictions³⁴ when accessing funds that Congress has directly identified for Denali's use in another agency's appropriation; (10) Denali is unsure how much transportation funding can be transferred from the state government under SAFETEA-LU.³⁵

Denali's current structure was appropriate in the agency's early years when congressional appropriations were expected as the dominant support. However, the above difficulties signal that the agency now needs the legal flexibility to pursue more diversified funding. Denali's position is a difficult one because conflicting federal policies seem to simultaneously encourage and discourage efforts to obtain non-federal contributions.

Congress could potentially resolve some of these obstacles by including a provision such as the following in Denali's enabling act:

TRANSFER OF FUNDS FROM OTHER FEDERAL AGENCIES

(1) Subject to paragraph (3), for the purposes of this chapter, the Commission may accept transfers of funds from other Federal agencies.

³⁰ Management either implicitly creates a "claim" by failing to pay these fees or potentially forces the well-meaning board members to pay taxes on "constructive income" that they intended from the start to forego. However, given that the enabling act identifies the heads of specific statewide organizations as the board members, an argument can be made that they receive the statutory payments as agents of the sending organizations rather than as individual taxpayers. Under such an interpretation, the payments are reimbursement to the sending organizations for their executives' time. This open question can be addressed through a request for an authoritative "letter ruling" from the Internal Revenue Service as to the correct tax treatment. See Revenue Procedure 2010-4, 2010-1 I.R.B. 122 (Jan. 4, 2010).

³¹ There is an open question as to whether Denali can directly supplement its congressional appropriation with donations of private "money," since section 305(c) of the enabling act mentions only contributions of "property" and "services." Whether a foundation's gift of money to Denali would fall within the scope of "property" is simply an unknown under federal appropriation law. And foundations would expectedly shun the risk that a donation with a specific target would instead disappear into the deep void of the U.S. Treasury under the "miscellaneous receipts" default.

³² See GAO, *Denali Commission—Authority to Receive State Grants*, # B-319246 (Sept. 1, 2010) at www.gao.gov.

³³ See GAO, *Denali Commission—Transfer of Funds Made Available through the Federal Transit Administration's Appropriations*, # B-319189 (Nov. 12, 2010) at www.gao.gov.

³⁴ In view of the comptroller general's decision in # B-319189 that "FTA does not have an oversight role in administering the funds" that Congress has identified for Denali in SAFETEA-LU, Denali's management should ask Treasury to reconsider its assumption that similar SAFETEA-LU funding from FHWA is subject to a "parent-child" oversight reporting relationship.

³⁵ SAFETEA-LU amended Denali's enabling act to add its transportation program as section 309. The various subsections, taken together, suggest that Congress was allowing Denali distinctive flexibility to assemble funding from state and federal sources. However, it may take a comptroller general decision to confidently resolve the uncharted boundaries of this flexibility with a safe harbor.

(2) Any Federal agency authorized to undertake activities also within the authority of the Commission is authorized to transfer appropriated funds to the Commission for the exercise of such authority.

(3) The transferred funds shall remain available until expended and may, to the extent necessary to carry out this chapter, be transferred to and merged by the Federal Co-chair with the appropriations for the Commission.

Potential solution: consolidated inspector general function

Congress has now created statutory inspector generals at approximately 70 federal agencies. Denali has had its own for the past five years — as required by both the Inspector General Act and Denali’s enabling act. Denali is the smallest of these federal OIGs, with only 1 FTE at this point (that is, the inspector general himself with no staff). However, regardless of the inspector general’s ability to professionally “multi-task,”³⁶ the economies of scale simply make it unrealistic to effectively operate an OIG composed of only a single individual.³⁷

Congress included the following provision for a single, consolidated inspector general function for the three new regional commissions created by the 2008 Farm Bill:

*Appointment of Inspector General.—There shall be an Inspector General for the Commissions appointed in accordance with section 3(a) of the Inspector General Act of 1978 (5 U.S.C. App.). All of the Commissions shall be subject to a single Inspector General.*³⁸

In the interest of more effective public oversight, we have previously³⁹ recommended that Congress also include Denali’s OIG within this consolidation. And that remains our recommendation.

³⁶ Denali’s inspector general is a CPA, MPA, certified fraud examiner (CFE), and lawyer.

³⁷ The 2008 study by the Project on Government Oversight (POGO) stated:

The number of staff members in IG offices ranges from less than one (a part-time assistant) to hundreds. Of course, size alone is not absolutely determinative of an IG’s ability to accomplish the mission. However, experts consulted by POGO believe that any IG office with fewer than six staffers is incapable of being effective and truly independent of its parent agency; the IG must rely on the agency for too much in the way of resources, whether administrative, legal, or otherwise. . .

See POGO, *Inspectors General: Many Lack Essential Tools for Independence* (Feb. 26, 2008), page 19, at www.pogo.org.

³⁸ See P.L. 110-246, sec. 15704 (40 USC 15704).

³⁹ See Denali OIG, *Semiannual Report to the Congress* (May 2010), pages 39-40; Denali OIG, *Semiannual Report to the Congress* (Nov. 2010), pages 17-18.

Some grantees — and the interest groups that advocate for them — have recently cited OIG’s recommendation as evidence that the Denali Commission doesn’t need a full-time inspector general. While their lack of enthusiasm for the inspector general function is understandable, they’re misunderstanding (or misrepresenting) our position on the issue.⁴⁰

Congress has given Denali around \$1 billion over the years, and the agency has funded around 2,000 projects. Effective public oversight of such a federal effort simply requires more than a one-person OIG. The consolidated OIG that we’ve recommended in our last three reports to Congress should allow *more* FTEs, *not less*, to be focused upon the actual inspection of funded facilities — versus the administrative and reporting mandates of the Inspector General Act.

MIKE MARSH

INSPECTOR GENERAL
DENALI COMMISSION

⁴⁰ Alaskan grantees periodically pressure the agency head to discourage Denali’s inspector general from writing reports, opening inspections, and consulting oversight regulators such as OMB, GAO, the Justice Department, and congressional staff. The grantees’ lack of enthusiasm for a full-time OIG is understandable and an expected part of the business. The role of grantees, and their associated interest groups, is obviously to marshal as much federal money as possible for their beneficiaries — and to minimize the bureaucratic strings attached to it. And Denali’s OIG’s is definitely one of those “strings” when we find that a proposed source, or use, of funding would violate federal laws (no matter how well intended). While we may think of ourselves as facilitating “safe harbors” and keeping people out of trouble, the disappointed see OIG as the “Grinch” that keeps stealing Denali’s Christmas.

APPENDIX STATUS OF 159 RECOMMENDATIONS MADE BY DENALI COMMISSION'S INSPECTOR GENERAL DURING FY 2006 TO FY 2011 (AS OF APRIL 30, 2011)				
INSPECTOR GENERAL'S RECOMMENDATION	IG REPORT TO CONGRESS	RECOMMENDATION MADE PER IG ACT SECTION	AGENCY HEAD'S POSITION	STATUS (PER IG)
29 Recommendations for Better Staffing (Players and Personnel)				
Mgmt use of Treasury franchise fund for agency's accounting	May 2009	4(a)(1) (compliance with laws)	Agree	Implemented
Mgmt supplement in-house expertise during annual audit fieldwork	May 2009	4(a)(1) (compliance with laws)	Agree	Implemented
Mgmt obtain staff training from OMB, GAO, and state's single audit coordinator	May 2009	4(a)(1) (compliance with laws)	Agree	Implemented
Mgmt continue use of financial management advisory committee of Beltway experts	May 2009	4(a)(1) (compliance with laws)	Agree	Implemented
Mgmt retain IT security consultant to determine cause of IT disruption and prevent recurrence	May 2008	4(a)(1) (compliance with laws)	Agree	Implemented
Mgmt consult OPM and GAO to develop an HR system consistent with Title 5 requirements	May 2010	4(a)(1) (compliance with laws)	Agree	Implemented
Mgmt obtain authoritative guidance as to ethics regulations applicable to transportation project selection panel	May 2010	4(a)(1) (compliance with laws)	Agree	Implemented
Mgmt improve efficiency in travel to commission meetings	May 2008	4(a)(3) (prevention of waste)	Agree	Implemented
Mgmt enter interchange agreements (5 CFR 6.7) for interagency transfers within competitive service	May 2010	4(a)(3) (prevention of waste)	Pending	Under consideration
Mgmt explore potential details of employees from other agencies using telework arrangements	May 2011	4(a)(3) (program efficiency)	Pending	Under consideration
Mgmt explore feasibility of virtual existence with teleworkers as substitute for physical office	May 2011	4(a)(3) (program efficiency)	Pending	Under consideration
Mgmt create rural ombudsman position	May 2007	4(a)(1) (program effectiveness)	Pending	Under consideration
Mgmt coordinate technical support for year after community gets new facility	May 2007	4(a)(1) (program effectiveness)	Pending	Under consideration
Mgmt add contractual or in-house talent (e.g., director of innovation) to screen projects for potential participants and contributors	May 2007	4(a)(1) (program effectiveness)	Agree	Under consideration
Mgmt coordinate loaned expertise from organizations experienced in northern fuel logistics	May 2007	4(a)(1) (program effectiveness)	Disagree	Not implemented

Table continued on next page

APPENDIX STATUS OF 159 RECOMMENDATIONS MADE BY DENALI COMMISSION'S INSPECTOR GENERAL DURING FY 2006 TO FY 2011 (AS OF APRIL 30, 2011)				
INSPECTOR GENERAL'S RECOMMENDATION	IG REPORT TO CONGRESS	RECOMMENDATION MADE PER IG ACT SECTION	AGENCY HEAD'S POSITION	STATUS (PER IG)
Potential statutory clarification of role of agency head	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory hold-over authority for agency head to avoid succession gap	May 2010	4 (a)(2) (potential statute change)	Disagree	Up to Congress
Potential statutory improvements in process for selection and oversight of agency head	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory clarification of status of agency head as an "inferior officer" under Constitution art. II, sec. 2, cl. 2	May 2010	4 (a)(2) (potential statute change)	Uncertain	Up to Congress
Potential statutory clarification of employee status for adverse action appeals to Merit Systems Protection Board	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory clarification of employee status for transfers to other federal agencies	May 2010	4 (a)(2) (potential statute change)	Disagree	Up to Congress
Potential statutory authority to insure certifying officer	May 2010	4 (a)(2) (potential statute change)	No position	Up to Congress
Potential statutory requirement for employment of full-time in-house legal counsel	May 2010	4 (a)(2) (potential statute change)	Disagree	Up to Congress
Potential statutory requirement for employment of rural ombudsman (option of IPA detail)	May 2010	4 (a)(2) (potential statute change)	Disagree	Up to Congress
Potential statutory requirement for employment of director of innovation (option of IPA detail)	May 2010	4 (a)(2) (potential statute change)	Disagree	Up to Congress
Potential statutory requirement for employment of director of program evaluation (option of IPA detail)	May 2010	4 (a)(2) (potential statute change)	Disagree	Up to Congress
Potential statutory clarification of employee status for collective bargaining	May 2010	4 (a)(2) (potential statute change)	No position	Up to Congress
Potential statutory clarification of employee status for whistleblower protection	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory changes in agency head's term (e.g., 10 years, at-will, removal for cause)	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
21 Recommendations for Better Funding Diversification and Flexibility				
Mgmt clarify accounting treatment for transfers with federal funders	May 2009	4(a)(1) (compliance with laws)	Agree	Implemented
Mgmt Improve negotiation and monitoring of in-kind contributions available in communities	May 2007	4(a)(3) (prevention of waste)	Disagree	Not implemented

APPENDIX STATUS OF 159 RECOMMENDATIONS MADE BY DENALI COMMISSION'S INSPECTOR GENERAL DURING FY 2006 TO FY 2011 (AS OF APRIL 30, 2011)				
INSPECTOR GENERAL'S RECOMMENDATION	IG REPORT TO CONGRESS	RECOMMENDATION MADE PER IG ACT SECTION	AGENCY HEAD'S POSITION	STATUS (PER IG)
Potential statutory authority to accept direct non-exchange transfers from any federal or state source	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory clarification of congressional expectations for prompt transfers of identified appropriations	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory presumption that transfers of fixed-period appropriations from other agencies are converted into no-year funding upon receipt	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory presumption of no-year funding for appropriations	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory authority to receive related appropriations not used by other agencies (linkage to CBO monitoring)	May 2010	4 (a)(2) (potential statute change)	No position	Up to Congress
Potential statutory authority to select most transparent accounting paradigm (GAAP selection: FASB vs. GASB vs. FASAB)	May 2010	4 (a)(2) (potential statute change)	No position	Up to Congress
Potential statutory clarification of accounting treatment for intergovernmental transfers (classification as non-exchange expenditures, timing recognition for receipt, point of "obligation" for recording grants)	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory clarification of authority to receive and spend direct donations of money from private charitable foundations (versus donations of "property" and "services")	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory requirement for minimum levels of hard-cash match from various grantees	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory requirement for increased hard-cash match from state government	Nov 2011	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory authority to directly dispose of surplus equipment and spend the receipts (miscellaneous receipts, offsetting collections)	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory clarification of status of grant-funded property after changed use (reasonable notice and duration of continuing federal interest)	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory authority to directly dispose of recovered grant-funded property and spend the receipts on future grants (miscellaneous receipts, offsetting collections)	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory authority for waiver of board members' compensation	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory authority to incur reasonable official reception and representation expenses	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress

APPENDIX STATUS OF 159 RECOMMENDATIONS MADE BY DENALI COMMISSION'S INSPECTOR GENERAL DURING FY 2006 TO FY 2011 (AS OF APRIL 30, 2011)				
INSPECTOR GENERAL'S RECOMMENDATION	IG REPORT TO CONGRESS	RECOMMENDATION MADE PER IG ACT SECTION	AGENCY HEAD'S POSITION	STATUS (PER IG)
Potential statutory match incentives involving Alaska permanent fund dividends	May 2010	4 (a)(2) (potential statute change)	Disagree	Up to Congress
Potential statutory authority to collect and spend user fees from services to businesses (e.g., polar shipping route)	May 2010	4 (a)(2) (potential statute change)	No position	Up to Congress
Potential statutory authority to issue bonds	May 2010	4 (a)(2) (potential statute change)	No position	Up to Congress
Potential statutory authority to guarantee loans	May 2010	4 (a)(2) (potential statute change)	No position	Up to Congress
40 Recommendations for Better Agency Processes				
Mgmt improve public access to commission meetings	May 2008	4(a)(1) (compliance with laws)	Agree	Implemented
Mgmt improve efficiency in meeting transcription	May 2008	4(a)(3) (prevention of waste)	Agree	Implemented
Mgmt coordinate salvage of unwanted technology (two devices, ≈ \$6,000 each) at two funded facilities	May 2007	4(a)(3) (prevention of waste)	Agree	Implemented
Mgmt coordinate semiannually with state education dept. re simultaneous construction mobilization	May 2007	4(a)(3) (program efficiency)	Agree	Under consideration
Mgmt coordinate semiannually with state education dept. re potential collocation of facilities	May 2007	4(a)(3) (program efficiency)	Agree	Not implemented
Mgmt coordinate semiannually with state education dept. re communities at risk of school closure (< 15 students)	May 2007	4(a)(3) (prevention of waste)	Agree	Not implemented
Mgmt request commissioners' advice on serviceable size of communities receiving funded facilities	May 2007	4(a)(3) (program efficiency)	Agree	Under consideration
Mgmt request commissioners to facilitate coordination of additional project participants and contributors	May 2007	4(a)(1) (program effectiveness)	Agree	Under consideration
Mgmt coordinate resolution of clinic's non-operational telemedicine equipment	May 2007	4(a)(3) (program efficiency)	Agree	Under consideration
Mgmt publicly archive agency's technological "lessons learned" within University of Alaska	Nov 2011	4(a)(3) (prevention of waste)	Agree	Not Implemented
Mgmt convene semiannual design summits to publicly disseminate lessons learned in bush construction	May 2007	4(a)(1) (program effectiveness)	Disagree	Not implemented

APPENDIX STATUS OF 159 RECOMMENDATIONS MADE BY DENALI COMMISSION'S INSPECTOR GENERAL DURING FY 2006 TO FY 2011 (AS OF APRIL 30, 2011)				
INSPECTOR GENERAL'S RECOMMENDATION	IG REPORT TO CONGRESS	RECOMMENDATION MADE PER IG ACT SECTION	AGENCY HEAD'S POSITION	STATUS (PER IG)
Mgmt retain GSA to recover structural steel from never-completed facility	May 2010	4(a)(3) (prevention of waste)	Moot	Moot
Mgmt retain agency records of financial transactions and grants for five years	May 2010	4(a)(3) (program efficiency)	Disagree	Not Implemented
Mgmt explore application of APA public rulemaking process to agency policies	May 2008	4(a)(1) (program effectiveness)	Pending	Under consideration
Mgmt consult state troopers prior to funding rural police stations	May 2010	4(a)(3) (prevention of waste)	Pending	Under consideration
Mgmt consult state fire marshal prior to funding rural fire stations	May 2010	4(a)(3) (prevention of waste)	Pending	Under consideration
Potential statutory improvements in role and structure of enabling act's board of ex-officio advisory commissioners appointed from grantee stakeholders and interest groups	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory clarification of requirement for personal attendance by appointed board members (versus informal ad hoc substitution of alternates and proxies)	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Congress reassess continued utility of FACA exemption (status as interest group representatives or SGEs)	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory improvements in public process for annual work plan required by current statute	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory clarification of role and structure of advisory committees appointed by agency head	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory clarification of role and structure of transportation advisory board created by SAFETEA-LU amendment	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory clarification of state government's role in work of agency	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory clarification of tribes' role in work of agency	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory Incentives for collocation of funded projects with existing school buildings	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory linkage with University of Alaska and cooperative extension service	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory linkage with U.S. Arctic Research Commission	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress

APPENDIX STATUS OF 159 RECOMMENDATIONS MADE BY DENALI COMMISSION'S INSPECTOR GENERAL DURING FY 2006 TO FY 2011 (AS OF APRIL 30, 2011)				
INSPECTOR GENERAL'S RECOMMENDATION	IG REPORT TO CONGRESS	RECOMMENDATION MADE PER IG ACT SECTION	AGENCY HEAD'S POSITION	STATUS (PER IG)
Potential statutory linkage with national energy laboratories	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory requirement for financial audit and PAR frequency every two years, with annual CBO reporting of unexpended obligations and unobligated appropriations	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Congress assess utility of separate FISMA review when systems substantially delegated to federal service center	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory clarification of authority to develop alternative procurement process using sound business practices (FAR exemption)	May 2010	4 (a)(2) (potential statute change)	Uncertain	Up to Congress
Potential statutory clarification of agency's sunshine law at 42 USC 15911(c) (covered "meetings," grounds for closed meetings, threshold for "deliberations")	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory requirement for program impact evaluation of outcomes (potential percentage of agency budget)	May 2010	4 (a)(2) (potential statute change)	Disagree	Up to Congress
Potential statutory criteria for the serviceable size of funded communities ("micro-settlement" population thresholds) – time interval, linkage with school attendance, counting methodology, state demographer, permanent fund dividends, threshold overrides	May 2010	4 (a)(2) (potential statute change)	Disagree	Up to Congress
Potential statutory clarification of applicability of public rulemaking process of the Administrative Procedures Act	May 2010	4 (a)(2) (potential statute change)	Disagree	Up to Congress
Potential statutory clarification of grant eligibility when applicant has delinquent taxes (application of IRS levies to grants)	May 2010	4 (a)(2) (potential statute change)	Disagree	Up to Congress
Potential statutory clarification of required records retention period	May 2010	4 (a)(2) (potential statute change)	Disagree	Up to Congress
Potential statutory requirement for the perpetuation of public lessons-learned in Northern problem-solving	May 2010	4 (a)(2) (potential statute change)	Uncertain	Up to Congress
Potential statutory requirement for internal appeal process for grant applicants (versus direct appeal to federal district court)	May 2010	4 (a)(2) (potential statute change)	Uncertain	Up to Congress
Potential statutory clarification of applicability of Paperwork Reduction Act	May 2010	4 (a)(2) (potential statute change)	Uncertain	Up to Congress

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INSPECTOR GENERAL'S RECOMMENDATION	IG REPORT TO CONGRESS	RECOMMENDATION MADE PER IG ACT SECTION	AGENCY HEAD'S POSITION	STATUS (PER IG)
11 Recommendations for Better Conflict Resolution				
Mgmt develop grant condition requiring immediate notice of any litigation	May 2007	4(a)(3) (prevention of waste)	Agree	Not implemented
Mgmt assess impact of project-related litigation against major grantee	May 2007	4(a)(3) (prevention of waste)	Agree	Not implemented
Mgmt disclose to independent auditor any claims or litigation defended by major grantees in funded projects	May 2007	4(a)(1) (compliance with laws)	Agree	Not implemented
Mgmt assess potential liability for connecting new facilities to pre-existing conditions	May 2007	4(a)(3) (prevention of waste)	Disagree	Not implemented
Mgmt retain GSA to evaluate whether grantee's settlement of lawsuit compromised a federal claim	May 2010	4(a)(3) (prevention of fraud and waste)	Disagree	Not implemented
Mgmt review allowability of structural steel price increases accepted by grantee	May 2010	4(a)(3) (prevention of fraud and waste)	Disagree	Not implemented
Mgmt clarify with federal OMB the allowability of grantee costs related to a regulatory violation (e.g., defense, settlement)	May 2007	4(a)(3) (prevention of waste)	Uncertain	Not implemented
Mgmt resolve \$18,000 payment to project recipient for lodging itinerant construction workers (in-kind dispute)	May 2007	4(a)(3) (prevention of waste)	Uncertain	Not implemented
Mgmt request commissioners to serve as mediation team in dispute over \$40,000 access fee billed by project beneficiary	May 2007	4(a)(3) (prevention of waste)	Moot	Moot
Mgmt assess potential existence of public easement in lieu of paying \$40,000 access fee to project beneficiary	May 2007	4(a)(3) (prevention of waste)	Moot	Moot
Mgmt meet with city manager re dispute over \$40,000 access fee billed by project beneficiary	May 2007	4(a)(3) (prevention of waste)	Moot	Moot
25 Recommendations for Better Controls Over the Use of Grant Funds				
Mgmt assess lessons learned from grantee's experiment in consolidated expenditures tracking	May 2007	4(a)(3) (program efficiency)	Agree	Implemented
Mgmt refine accounting system's transparency in tracking grants by specific appropriation	May 2007	4(a)(1) (compliance with laws)	Agree	Implemented

APPENDIX STATUS OF 159 RECOMMENDATIONS MADE BY DENALI COMMISSION'S INSPECTOR GENERAL DURING FY 2006 TO FY 2011 (AS OF APRIL 30, 2011)				
INSPECTOR GENERAL'S RECOMMENDATION	IG REPORT TO CONGRESS	RECOMMENDATION MADE PER IG ACT SECTION	AGENCY HEAD'S POSITION	STATUS (PER IG)
Mgmt find improved accounting software	May 2007	4(a)(1) (compliance with laws)	Agree	Implemented
Mgmt address independent auditor's recommendations for improved grants accounting policies and procedures	May 2008	4(a)(1) (program effectiveness)	Agree	Implemented
Mgmt continue use of Grant Solutions system for tracking grants	May 2009	4(a)(3) (program efficiency)	Agree	Implemented
Mgmt obtain NIST certification and accreditation of IT security controls	May 2009	4(a)(1) (compliance with laws)	Agree	Implemented
Mgmt clarify with federal OMB the commission's status as the "cognizant agency for audit responsibilities"	May 2007	4(a)(1) (compliance with laws)	Agree	Implemented
Mgmt assess grantee's requirement for small communities to arrange annual financial audits of sub-award facilities	May 2007	4(a)(3) (prevention of waste)	Agree	Implemented
Mgmt improve traceability of funding for individual facilities in "pooled" grants	May 2008	4(a)(3) (prevention of fraud and waste)	Uncertain	Partially implemented
Mgmt implement grant condition covering disposition of surplus materials	May 2007	4(a)(3) (prevention of waste)	Agree	Not implemented
Mgmt develop grant condition to compare application's "business plan" with actual long-term results	May 2008	4(a)(1) (program effectiveness)	Agree	Not Implemented
Mgmt develop A-133 process for reviewing findings of grantees' single audits	May 2010	4(a)(3) (prevention of fraud and waste)	Agree	Not implemented
Mgmt publish grants management "common rule" in CFR	May 2010	4(a)(1) (compliance with laws)	Disagree	Not implemented
Mgmt develop grant condition requiring grantee site visits to subaward construction	May 2010	4(a)(3) (prevention of fraud and waste)	Disagree	Not implemented
Mgmt coordinate cooperative extension assistance to grantees re fire marshal approvals	May 2010	4(a)(3) (program efficiency)	Disagree	Not implemented
Mgmt assess potential for RFID tracking of palletized materials en route to remote construction sites	May 2007	4(a)(3) (prevention of waste)	Uncertain	Not implemented
Mgmt develop grant condition requiring documented fire marshal approval before construction	May 2010	4(a)(3) (prevention of waste)	Uncertain	Not implemented
Mgmt develop grant condition to publicly record continuing federal interest in community's use of completed facility	May 2010	4(a)(3) (prevention of waste)	Uncertain	Not implemented
Mgmt develop grant condition requiring independent appraisal of contributed land	May 2010	4(a)(3) (prevention of fraud and waste)	Uncertain	Not implemented

APPENDIX STATUS OF 159 RECOMMENDATIONS MADE BY DENALI COMMISSION'S INSPECTOR GENERAL DURING FY 2006 TO FY 2011 (AS OF APRIL 30, 2011)				
INSPECTOR GENERAL'S RECOMMENDATION	IG REPORT TO CONGRESS	RECOMMENDATION MADE PER IG ACT SECTION	AGENCY HEAD'S POSITION	STATUS (PER IG)
Mgmt develop grant condition requiring grantee's review of subaward's major contracts	May 2010	4(a)(3) (prevention of fraud and waste)	Uncertain	Not implemented
Mgmt develop grant condition requiring grantee's review of subaward's single audits	May 2010	4(a)(3) (prevention of fraud and waste)	Uncertain	Not implemented
Mgmt conduct A-133 quality control reviews of grantee single audits	May 2010	4(a)(3) (prevention of fraud and waste)	Uncertain	Not implemented
Mgmt confer with grantee CPAs during A-133 planning of single audit coverage	May 2010	4(a)(3) (prevention of fraud and waste)	Uncertain	Not implemented
Potential statutory Inclusion of nominal subrecipients with no funds custody within umbrella single audits of major program partners	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory clarification of authority for customized grant conditions and "common rule"	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
8 Recommendations for the Agency's Optimal Permanent Structure				
Potential statutory clarification of legal status as a federal agency	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Congress reassess continuing utility of legal status as a federal regional commission	May 2010	4 (a)(2) (potential statute change)	Disagree	Up to Congress
Potential statutory change to a multi-state (and international) service structure – versus single state focus	May 2010	4 (a)(2) (potential statute change)	Disagree	Up to Congress
Potential statutory change in entity's legal form (nonprofit with perpetual existence, federal corporation, government sponsored enterprise, or entity subject to end-game sunset — versus continuation as a single-head agency)	May 2010	4 (a)(2) (potential statute change)	Disagree	Up to Congress
Potential statutory change of entity's name (e.g., Denali Consortium, Denali Passage Authority)	May 2010	4 (a)(2) (potential statute change)	Disagree	Up to Congress
Potential statutory clarification of legal status as an independent federal agency	May 2010	4 (a)(2) (potential statute change)	Uncertain	Up to Congress
Potential federal status as a multi-national entity under treaties (cf. St. Lawrence Seaway)	May 2010	4 (a)(2) (potential statute change)	Uncertain	Up to Congress
Potential statutory incorporation as an operating administration under the Secretary of Commerce	May 2011	4 (a)(2) (potential statute change)	Disagree	Up to Congress

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INSPECTOR GENERAL'S RECOMMENDATION	IG REPORT TO CONGRESS	RECOMMENDATION MADE PER IG ACT SECTION	AGENCY HEAD'S POSITION	STATUS (PER IG)
25 Recommendations for Potential "Value Added" for the Public (Filling the Federal Gaps)				
Mgmt aggressively search for rural energy demonstration projects that use non-diesel technologies	May 2007	4(a)(1) (program effectiveness)	Agree	Implemented
Mgmt accompany fuel vendors (river barge, cargo plane) to understand transportation logistics	May 2007	4(a)(1) (program effectiveness)	Agree	Implemented
Mgmt fund clinics collocated within remote rural school buildings	Nov 2011	4(a)(3) (prevention of waste)	Agree	Not Implemented
Mgmt coordinate with military environmental remediation of former defense sites around Alaska	Nov 2011	4(a)(3) (program efficiency)	Agree	Not implemented
Mgmt analyze diagnostic and treatment data for constructed clinics	Nov 2011	4(a)(1) (program effectiveness)	Disagree	Not Implemented
Mgmt analyze telehealth usage data for constructed clinics	Nov 2011	4(a)(3) (prevention of waste)	Pending	Under consideration
Mgmt explore staffing of constructed clinics as medical school field stations	Nov 2011	4(a)(1) (program effectiveness)	Uncertain	Not Implemented
Mgmt develop grant condition for engineers to do a science career talk at school in project communities	May 2007	4(a)(1) (program effectiveness)	Disagree	Not implemented
Potential statutory clarification of distinctive subject-matter core competencies and niches	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory clarification of agency's government coordination as a core service rather than a byproduct	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory role in demo projects that pioneer national health care delivery paradigm shifts (e.g., dental therapists, telehealth diagnosis, telepharmacy, alternative remedies, alcoholism treatment)	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory role in roadless rural telecommunications development	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory role as model program for successful federal collaboration with tribal corporate entities	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory role in recycling closed school buildings in remote communities	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory role in fuel cell demo projects	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress
Potential statutory role in small-scale geothermal demo projects	May 2010	4 (a)(2) (potential statute change)	Agree	Up to Congress

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INSPECTOR GENERAL'S RECOMMENDATION	IG REPORT TO CONGRESS	RECOMMENDATION MADE PER IG ACT SECTION	AGENCY HEAD'S POSITION	STATUS (PER IG)
Potential statutory role in support facilities and services along the integrated-harbors Northwest Passage shipping lane opened by retreating polar ice	May 2010	4 (a)(2) (potential statute change)	Uncertain	Up to Congress
Potential statutory role in supporting regional hubs as an alternative to urban migration	May 2010	4 (a)(2) (potential statute change)	Uncertain	Up to Congress
Potential statutory role in community relocations from coastal erosion and flooding	May 2010	4 (a)(2) (potential statute change)	Uncertain	Up to Congress
Potential statutory role in remediating brownfields of replaced facilities (potential linkage to military site remediation)	May 2010	4 (a)(2) (potential statute change)	Uncertain	Up to Congress
Potential statutory role of rural clinics as a public health "DEW line" for global disease	May 2010	4 (a)(2) (potential statute change)	Uncertain	Up to Congress
Potential statutory role to pioneer federal insurance partnership to complete grants after contractor failure	May 2010	4 (a)(2) (potential statute change)	Uncertain	Up to Congress
Potential statutory role in remote nuclear battery demo projects (coordination of NRC permitting and local choices)	May 2010	4 (a)(2) (potential statute change)	Uncertain	Up to Congress
Potential statutory role in applied research for use of North Slope methane hydrate deposit	May 2010	4 (a)(2) (potential statute change)	Uncertain	Up to Congress
Potential statutory role in recycling surplus overseas military equipment (e.g., containerized waste-burning generators)	May 2010	4 (a)(2) (potential statute change)	Uncertain	Up to Congress