



August 18, 2014

The Honorable Charles E. Grassley
Ranking Member
Committee on Finance
U.S. Senate
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Tom Coburn
Ranking Member
Committee on Homeland Security and Governmental Affairs,
Permanent Subcommittee on Investigations
United States Senate
340 Dirksen Senate Office Building
Washington, DC 20510

Dear Senators Grassley and Coburn:

This letter is in response to your April 8, 2010, request for information and follow-up request dated July 31, 2014. As you may be aware, the Department of Commerce Office of Inspector General (OIG) entered into an agreement with the Denali Commission on May 28, 2014, to provide a full range of inspector general (IG) services. We were recently informed by a member of Senator Coburn's staff that the April 8, 2010 request has not yet been answered by the former Denali Commission IG. We have been reviewing the records of the former IG in an attempt to answer your request.

Based on our review of the records we were able to retrieve, we found no evidence of instances since October 1, 2008, of Commissioners or Commission staff resisting or objecting to Denali OIG oversight in a significant manner. OIGs operate in environments where a certain tension inherently exists between them and the agencies they oversee; there were definitely tensions between the Commission and the former IG. The former IG also believed that the Dodd-Frank Act, which clarified that the agency head for the Commission consisted of not only the federal co-chair but included each Commissioner, impaired his ability to obtain necessary cooperation from the Denali Commission staff. However, we do not share this concern at this time.

We have not been able to find a response from the former IG to the House Committee on Oversight and Government Reform on unimplemented recommendations. However, we were able to find some handwritten notes that suggested there were 17 unimplemented recommendations since 2009. We are working with the Denali Commission staff to determine the current status of those recommendations, listed in enclosure I.

If you have any questions or require additional information, please do not hesitate to contact me at (206) 220-7970.

Sincerely,



David Sheppard
Acting Inspector General, Denali Commission

Enclosure

cc: Todd Zinser, Inspector General
Joel Niemeyer, Federal Co-Chair, Denali Commission

Enclosure I. Unimplemented Recommendations Since 2009

Report	Date	Unimplemented Recommendations (According to Prior IG)
Inspection of Togiak Family Resource Center	Sept 2011	Denali should include a grant condition that requires site visits at specified intervals from some representative of the involved state department.
Inspection of McGrath City Hall	Sept 2009	When a grant is too small to warrant site visits, Denali should include a grant condition for periodic, informal "walk-throughs" by a credible local third-party.
		As broadband Internet coverage expands across bush Alaska, live walkthroughs with portable webcams may be the best alternative to site visits.
		Denali should consider convening one of its quarterly meetings in McGrath to assure that the needs of this remote interior region are considered in the agency's annual statutory work plan. Alternatively, less than a quorum of the commissioners could conduct a public hearing in McGrath concerning the work plan.
		Denali should include an explicit condition in its grants that the grantee will document the fire marshal's plan approval before construction starts.
Inspection of Port Graham Police and Fire Station	Sept 2009	Denali should consult the Alaska State Troopers prior to funding construction of a rural police station.
		Denali should consult the state fire marshal prior to funding construction of a rural fire station.
		Denali should include a grant condition that requires the value of contributed land to be established by an independent real estate appraiser. Denali may wish to follow the approach of other federal agencies and issue a grants management "common rule" in the Code of Federal Regulations. ⁹ Like other agencies, Denali could also issue its own "compliance supplement" with expected steps for a grant's audit under OMB Circular A-133.
		Denali should include a grant condition that requires the monitoring agency to review contracts that will document major payments to vendors.
		Denali should include a grant condition that requires site visits at specified intervals from some representative of the involved state department.
		Denali should require that the state's grant administrator, per OMB Circular A-133 section 400(d), resolve the \$119,205 reporting uncertainty discussed above.
		Denali should include a grant condition that requires the monitoring agency to implement an internal procedure for its annual review of a subawardee's audit report.
		Denali should include an explicit condition in its grants that the monitoring agency will document the fire marshal's plan approval before construction starts.

Report	Date	Unimplemented Recommendations (According to Prior IG)
		Denali should include a grant condition for publicly recording a Notice of Federal Interest in the land records for a funded facility. This notice should define the parameters of permissible use over time—and the solution for an unneeded, misused, or abandoned building.
Inspection of Tanacross Community Center	Oct 2009	Denali should thus do an MOU with GSA (the presumed servicer for federal property) to recover the reversionary interest.
		Denali should request that GSA consult the Colorado attorney general and assess the extent to which a potential federal claim was compromised by the tribe’s acceptance of the offered settlement.
		In consultation with GSA, Denali should develop a grant condition that requires immediate notification of any litigation involving a Denali-funded project. Denali should consider issuing this as part of a grants management “common rule” in the Code of Federal Regulations.