

GAO Highlights

Highlights of [GAO-14-320](#), a report to congressional requesters

Why GAO Did This Study

The Commission was established to promote sustainable infrastructure improvement, job training, and other economic development services in Alaska. The Commission is a designated federal entity under the IG Act and is required to have an IG. IG oversight includes assessing the effectiveness and efficiency of agency programs and operations; providing leadership and coordination to detect fraud and abuse; and making recommendations to management to promote the economy, efficiency, and effectiveness of program and agency operations. GAO was asked to review the management and operations of the Commission's OIG. GAO's objectives were to (1) identify the resources appropriated to and expensed by the OIG and the OIG's work products reported for fiscal years 2011 through 2013, (2) assess the extent to which the OIG provided oversight of the Commission's programs and operations, (3) determine the extent to which the design and implementation of the OIG's policies and procedures and its work products were consistent with professional standards, and (4) identify alternatives for OIG oversight of the Commission.

What GAO Recommends

GAO is making nine recommendations to the OIG to improve the operating effectiveness and efficiency of the OIG, including steps that the OIG should take to develop and implement policies and procedures consistent with professional standards to provide oversight of Commission programs and operations.

The Commission concurred with the report's conclusions and recommendations.

View [GAO-14-320](#). For more information, contact Beryl H. Davis at (202) 512-2623 or davisbh@gao.gov.

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INSPECTORS GENERAL

Improvements Needed in the Office of Inspector General's Oversight of the Denali Commission

What GAO Found

The Denali Commission (Commission) Office of Inspector General (OIG) received budgetary resources of approximately \$1 million from fiscal years 2011 through 2013. OIG budgetary resources increased approximately 7 percent from fiscal years 2011 through 2013, from approximately \$310,000 to \$331,000. During this period, the OIG consisted of one full-time employee, the Inspector General (IG), who obtained additional support through contracts with auditors and others. The OIG issued six semiannual reports to the Congress and conducted 12 inspections during fiscal years 2011 through 2013.

The OIG provided limited oversight of the Commission's major programs (energy, transportation, health facilities, and training) and operations. GAO's analysis of the 12 inspections completed by the OIG found that the OIG provided oversight for \$150,000 of the \$167 million in grant funds disbursed during fiscal years 2011 through 2013. The \$150,000 of grant funds inspected by the OIG represented less than 1 percent of total grants awarded by the Commission during this period. The \$167 million in disbursed grant funds are subject to the Single Audit Act, as applicable. While the OIG oversaw the Commission's annual financial statement audit, it did not conduct any performance audits or investigations related to the Commission's major programs and operations.

The OIG did not have documented policies and procedures for its office operations and management that adhered to the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Federal Offices of Inspector General*. The OIG did not implement the following four quality standards that are critical for the management and operations of the OIG: planning and coordinating; maintaining quality assurance; ensuring internal control; and receiving and reviewing allegations of potential fraud, waste, and abuse. For example, the OIG did not conduct any investigations for potential criminal prosecution. Also, the OIG did not prepare an annual work or strategic plan to document the office's planned activities. Additionally, the OIG's work products were not fully consistent with applicable professional standards, its own policies and procedures for inspections, or section 5 of the Inspector General Act of 1978, as amended (IG Act). For example, there was insufficient evidence in the OIG's inspection case files to support the conclusions and recommendations reported, and the semiannual reports prepared by the OIG did not provide information on the status of OIG recommendations as required by the act.

If corrective actions are taken to mitigate the challenges faced by a one-person office, the current structure of the Commission OIG is one option for OIG oversight. GAO has also identified three alternative OIG oversight structures that could be applied to the Commission: (1) consolidation into a larger OIG; (2) consolidation into a regional commission OIG; and (3) division of OIG oversight responsibilities between two separate federal OIGs, such as a regional commission OIG or a larger OIG.

The Commission IG resigned on December 28, 2013. On May 28, 2014, the Commission entered into an agreement with the Department of Commerce's OIG to provide oversight services pursuant to the IG Act. The agreement expires on September 30, 2014, but may be extended or amended by mutual written consent of the parties.