

# **DEVELOPING, MAINTAINING, AND IMPROVING STAKEHOLDER RELATIONSHIPS**



**DENALI COMMISSION**

**PNIAF Spring Forum**

**April 26, 2016**

**Presented by David Sheppard and Joel Neimeyer**



DENALI COMMISSION

# Who is the Federal Co-Chair





## Denali Commission – Our Mission

**Created in 1998**

Denali Commission Act:  
serving rural Alaska

- **Identify gaps** where other agencies are not operating
- **Complement**, but not duplicate the work of other agencies



**Sen. Ted  
Stevens,**

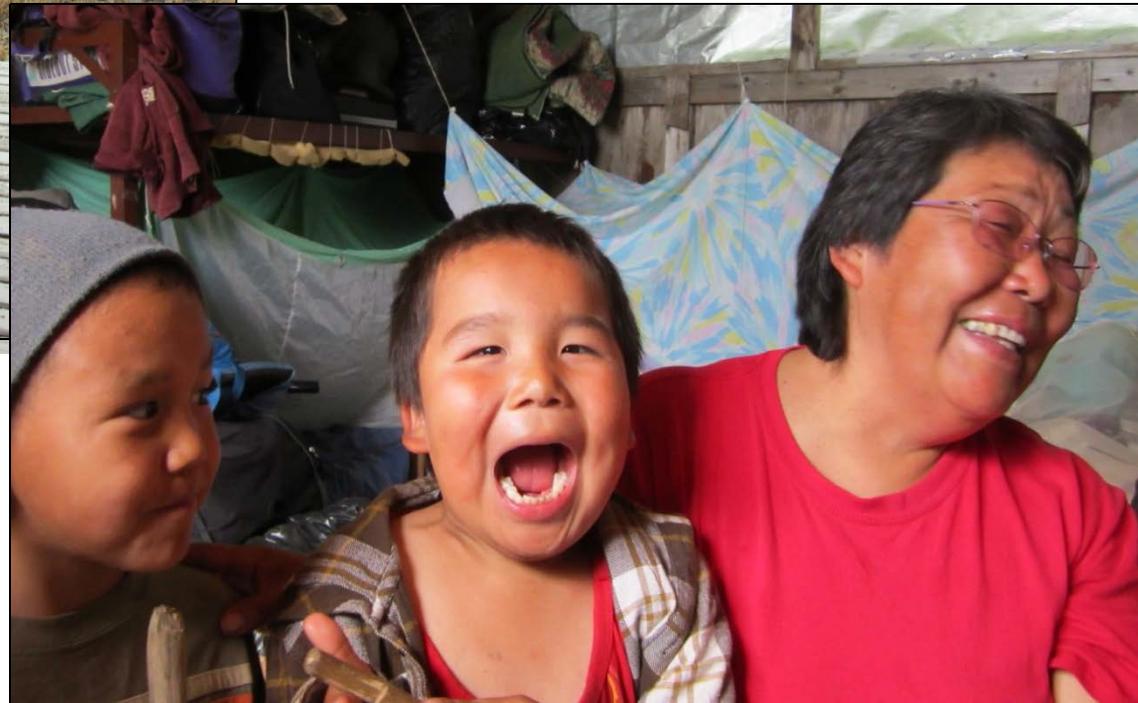
photo from Ted  
Stevens  
Foundation



DENALI COMMISSION

# Rural Alaska

Kuskokwim River  
Fish Camp, July  
2012



Newtok,  
October 2015



# Typical Commission Investments



**Half of all projects and investments have been for energy.**

**Over \$1.2 Billion in capital investments to 1300 projects**





DENALI COMMISSION

# Historic Denali Commission Programming

**Energy** – bulk fuel, power generation, transmission

**Health facilities** – primary care clinics

**Transportation** – roads, waterfront

**Sanitation** – washeterias, solid waste

**Housing** – senior, teacher, domestic violence shelters

**Training**

**Economic Development**

**Note:** Annual Work Plan  
drives programming  
investments





## Opportunities – Alaskans Determine Agency Path

- Alaskans (non-Feds) identify funding priorities
- However, “Federalism” can be baffling to the “.gov” world





## Opportunities – Agency Tools

- Receive Federal funds and it becomes “no year”
- Can receive conditional non-Federal funds
- Some personnel hiring flexibility
- Rich history of working with Tribes, State of Alaska, municipalities, and Federal agencies
- Small and nimble agency





# Role of Denali Commission OIG

The stated purpose of the IG Act is to create independent and objective units within each agency whose duty it is to combat waste, fraud, and abuse in the programs and operations of that agency. Specifically, we:

- conduct and supervise audits and investigations relating to the programs and operations of the Department or agency for which it has jurisdiction.
- provide leadership and coordination and recommend policies for activities designed (A) to promote economy, efficiency, and effectiveness in the administration of, and (B) to prevent and detect fraud and abuse in, such programs and operations.



# Role of Denali Commission OIG

- Oversight versus Management
- Independence and Objectivity
- Reporting to Congress and the Administration
- Other Stakeholders





# History of OIG at Denali Commission

- Denali Commission created in 1998 via Denali Commission Act of 1998
- PL 106-31, SEC. 105, 1999 amended Denali Commission Act to create the Commission's Office of Inspector General
- Previous IGs were at other agencies but included Denali Commission in their jurisdiction



# Challenges

- Size of agency and OIG
- Location is a strength and a hurdle
- Former IG's relationship with Commission staff and commissioners



## Working with an OIG: Pre Dodd-Frank Act

- **Checks and Balances:** the OIG as an agent of both Legislative and Executive branches
- **Inherent power imbalance:** the value and tension of third party oversight
- **“General supervision” & 2010 Dodd-Frank Act:**
  - Designated Federal Entity (DFE) agencies
  - Protection of an OIG from a “bad actor” agency head
  - Commissioners approach: pre-Dodd-Frank & post Dodd-Frank



# Challenges to Overcome

- Predecessor IG Comments in his 2012 Semiannual Report to Congress

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Rural Alaska

### Inspector general: suspend Denali Commission

Alex DeMarban | February 8, 2013

*(Update: This story has been altered to include comments from Denali Commission federal co-chair Joel Neimeyer, who says federal funds were not used to create or sustain the special accounts.)*

The inspector general for the Denali Commission has found that the federal agency has lost track of accounts that could hold up to \$100 million, if they were created at all.

#### RELATED:

[Citizens Against Government Waste slams Denali Commission -- again](#)

Until the mystery is solved, the report concludes that Congress should not reauthorize the commission, a federal agency created in 1998 that has helped

improve life in rugged rural Alaska by providing funding for power plants, health clinics and other vital facilities.

The accounts were possibly created by about 60 small towns and villages in rural Alaska to ensure that money would one day be available to repair and replace electric utilities and bulk fuel facilities.

#### Millions could be missing, or not

Deposits were supposed to be made yearly for the expected life of a project, sometimes 30 years or more. The report says the bank accounts, if they exist, presumably include some "substantial portion" of \$240 million in federal funds the Denali Commission granted to the state over the years to pay for the rural power plants and tank farms.



Where did a "sizeable portion" of \$240 million in federal funds destined for rural Alaska projects go?

*Images\_of\_Money photo / cc via Flickr*



## Working with an OIG: Post Dodd-Frank Act

- **Agency perceived loss of OIG objectivity**  
(Dec. 2012)
  - OMB & CIGIE hesitation to engage
  - Congressional willingness to engage
- **OMB favorable determination** (Dec. 2013)  
(Commissioners as OIG supervisors)
- **Former OIG opinion on loss of independence & resignation** (Dec. 2013)
- **Canceled 2013 audit contract & CFO loophole**



# Challenges to Overcome

- Predecessor IG Comments to the Washington Post (September 26, 2013)

Politics

## Federal employee Mike Marsh's mission: Getting himself fired, and his agency closed

A  225  Save for Later  Reading List

By **David A. Fahrenthold** September 26, 2013  [Follow @Fahrenthold](#)

Mike Marsh is a federal employee who wrote to Congress this summer with an unusual proposal to save the government money.

Fire me, Marsh told lawmakers. And everyone I work with.





# Challenges to Overcome

- GAO's 2014 report on the Commission's OIG
  - OIG Provided Limited Oversight of the Commission's Major Programs and Operations
  - OIG Did Not Have Documented Policies and Procedures for Office Operations and Management, and
  - Its Work Products Did Not Fully Adhere to Professional Standards

United States Government Accountability Office

Report to Congressional Requesters



September 2014

## INSPECTORS GENERAL

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



## Agency Steps to Address Challenges

- Commerce OIG offers to assist & meets with Commissioners including visit to Galena (Mar. 2014)
- Shared service agreement signed (Jul. 2014 for 1 year)
- Congressional concerns on duration of agreement
- 5-Year Agreement (Aug. 2015)
- Appointment of New IG (Jul. 2015)





# OIG Steps to Address Challenges

- Commissioners appointment of IG
- Addressed GAO concerns regarding OIG operations
- Visits to Anchorage, Juneau, and Ketchikan for commissioner meetings and other activities
- Meetings with Commission staff and Commissioners
- Developed audit and evaluation directives
- Use of Commerce OIG's Office of Investigations
- Actual audits conducted and reported
- Maintained independence and objectivity



# Challenges Continue From Former IG's Work

- Recent auditor stated that the Commission was “high risk” due to former IG reports
- Negative public perception of the agency, and:

## **A BILL**

To terminate the Denali Commission, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*

3        **SECTION 1. SHORT TITLE.**

4        This Act may be cited as the “Denali Commission  
5        Elimination Act of 2013”.

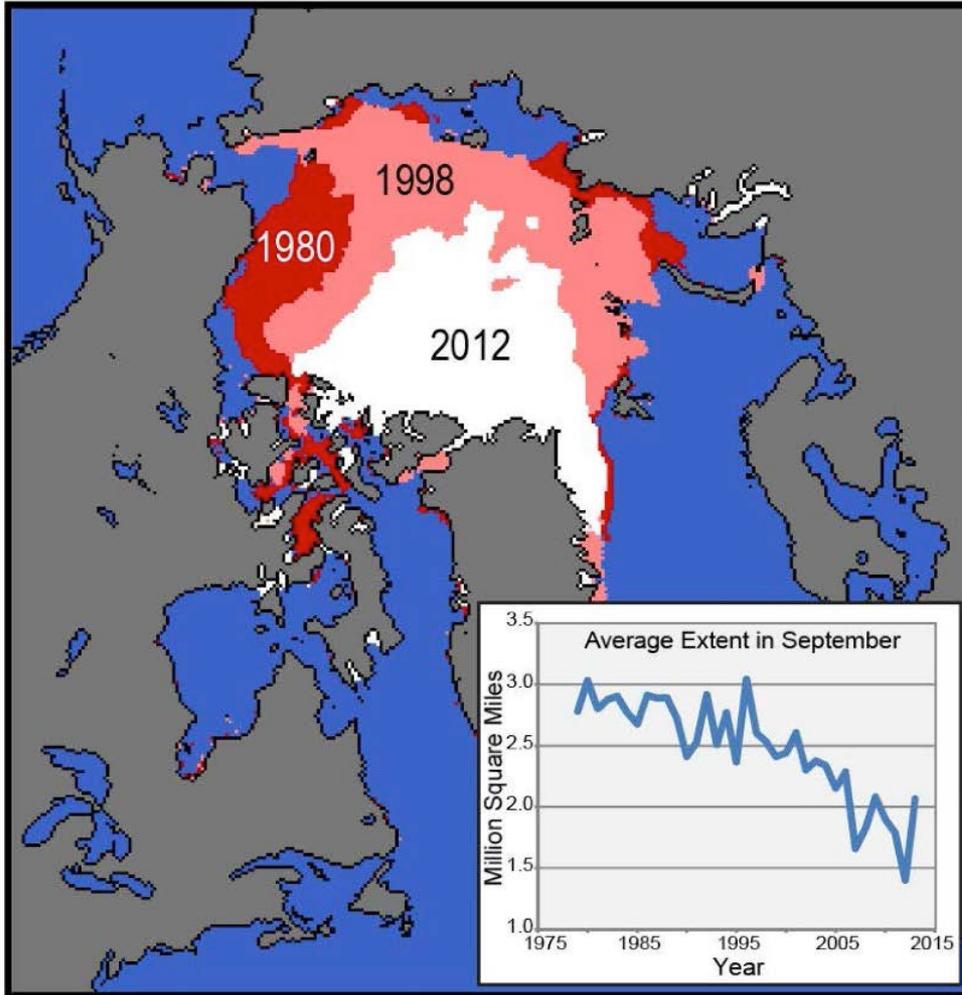


## Agency Future

- **Reauthorization** (2008 lapsed)
- **Develop 5-Year Strategic Plan** (inform annual work plan)
- **Looking and behaving like other Federal agencies**
- **Engagement of Commissioners**
- **Agency Restructuring** (grant-making model to sustain, maintain and protect existing infrastructure)
- **Maintain healthy relationship with oversight groups** (OIG, OIG auditor, GAO, OMB, Congressional oversight committees, media, Alaska delegation, constituent groups)
- **Climate Change – Environmentally Threatened Community Program**



## Declining Sea Ice Extent



# Climate Change

## U.S. All Time Records Summary (NOAA – March 2016)

Period	High Max	High Min	Low Max	Low Min
Last 7 Days	0	0	0	0
Last 30 Days	1	1	0	0
<b>Last 365 Days</b>	<b>46</b>	<b>124</b>	3	4



# Congress Notices (June 2009)

	United States Government Accountability Office
GAO	Report to Congressional Requesters
June 2009	<p><b>ALASKA NATIVE VILLAGES</b></p> <p>Limited Progress Has Been Made on Relocating Villages Threatened by Flooding and Erosion</p>



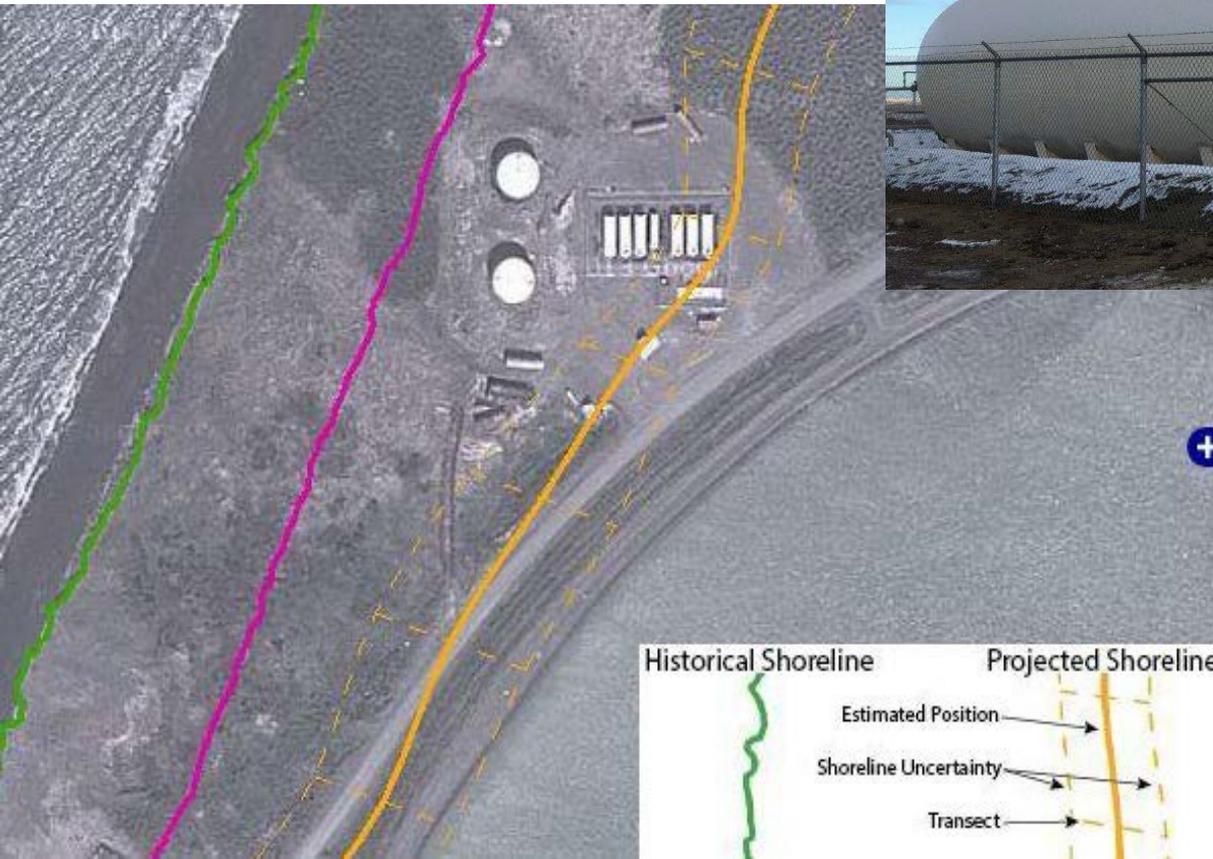
# 2015 Presidential Assignment

- **Short-term & long-term solutions**
- **Coastal erosion, flooding & permafrost degradation**
- **Adaptation strategies** – village relocation and/or protect in place (**note – this is about infrastructure**)
- **Denali Commission** will facilitate coordination of Federal engagement
- **Arctic Executive Steering Committee** will provide guidance for a “whole of Government approach”.





# Protect in Place Example – Port Heiden Fuel Tanks



In 2015, tanks were moved from eroding shoreline. Note – the new tank farm was built in 2004.



# IG Vision for the Future

- Commission operates with accountability and integrity, maintaining the trust of its constituents and partners
- Commission can focus on delivering needed services to Alaskans and the rest of the United States, without extraneous issues clouding its path





**Questions?**