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# Denali Commission Office of Inspector General

## Fiscal Year 2026 Top Management and Performance Challenges





**INSPECTOR GENERAL**

DENALI COMMISSION  
OFFICE OF INSPECTOR GENERAL  
ANCHORAGE, ALASKA 99501

DATE: October 29, 2025

TO: Julie Kitka  
Federal Co-Chair, Denali Commission

FROM: Roderick H. Fillinger  
Inspector General

SUBJECT: *Fiscal Year 2026 Top Management and Performance Challenges (Report No. 2026-MGL-002)*

In accordance with the Reports Consolidation Act of 2000, this memorandum transmits the Inspector General's summary of the top management and performance challenges facing the Commission and briefly assesses management's progress in addressing these challenges.

I have identified four management and performance challenges: (1) implementation of a course of action to demonstrate the value of the Commission; (2) long-term grants monitoring; (3) succession planning; and (4) continued focus on cyber security. These challenges were identified based on audit work performed for the Office of Inspector General, input from Commission management and staff, and knowledge of the Commission's programs and operations. I appreciate management's strong commitment to addressing these challenges and welcome comments on this report.

I will continue to work with you and management to reassess the goals of our office to ensure that my focus continues to align with the most important risks and priorities of the Commission. I remain committed to keeping you and the Commission's other decision-makers informed of problems identified through our audits, evaluations, and investigations so that timely corrective actions can be taken.

I appreciate the cooperation received from the Commission and look forward to working with you in the coming months. If you have any questions concerning this report, please contact me on (907) 271-3500.

cc: John Whittington, General Counsel  
Elizabeth Flowers, Senior Financial Officer

***Challenge 1: Implementation of a Course of Action to Demonstrate the Value of the Commission***

This is a challenge that has been present in prior fiscal years. I note that significant emphasis has been placed upon showing the results of the Commission through its alignment with the Administration's priorities, compacting, and projects that are dual use. This alignment was noted with approval in the report prepared by the U.S. Department of Government Efficiency (DOGE) concerning the Commission's operations.

Efforts should continue to focus on demonstrating that through the Commission's experience with a wide variety of solutions to economic, environmental, and infrastructure issues throughout Alaska and the Arctic Circle, the American taxpayer receives the best value and return on investment through the continuance of the Commission. This may be as simple as a cost benefit analysis that shows that it will be more expensive for other Federal agencies to complete work in Alaska without the Commission, as well as the savings to the American taxpayer through from dual-use infrastructure projects.

Through MAP 21 language the Commission has begun to spend budgetary authority on behalf of other Federal agencies. While this is a good first step, as management continues to pursue these opportunities, management should also consider the development of performance metrics to show the value the Commission provides. For instance, developing estimates of the additional costs another Federal agency would incur to implement programs that the Commission could implement on their behalf would demonstrate value added. Further metrics could include how the Commission is better able to leverage knowledge, experience, and familiarity with the unique challenges in Alaska to expend budgetary dollars more effectively to obtain greater results. This in turn could inform other agencies about the value of being able to do more with less by partnering with the Commission.

Further, the Commission should leverage its current grants monitoring process to provide statistics on the positive impact of previous grants. The Commission should consider an analysis of how other grant making agencies within the Federal government benchmark performance. Through consideration of this bench-marking process, the Commission can highlight what it does best and develop improvement plans for areas that the Commission is falling behind. We recommend the development of benchmarking attributes to mirror the items included in its considered course of actions. This documentation will also support the efficiencies achieved through the continued existence of the Denali Commission.

***Challenge 2: Long Term Grants Monitoring***

The Commission currently does not have a systematic or robust process to determine that the grants previously awarded have been and continue to be used as intended. Through the adoption of uniform grant guidance regulations, the Commission has begun to rate grantees based upon risk and has internally reviewed certain projects through various means during the

grant award period. However, after grant award closure, there is not a process to follow up on the grant project to determine whether the project is having its intended outcome or providing a longer-term benefit.

While the monitoring process during the grant period begins the process of answering whether the intended use of resources has been continually met (i.e., a care facility is continued to be used as a care facility), it currently does not track whether the long-term performance of the grant outcome has been met. In other words, it does not answer the question “how many people have benefited from the construction or improvement of a care facility?”

The development of performance metrics to show how a project is performing in the long term against the original plan can assist management in the risk rating process of grantees and can be a tool to report to constituents on the effectiveness of the use of taxpayer resources. For instance, to be able to quantify the effect of the installation of a project that shows long term reduction in taxpayer resources can be a powerful tool. As importantly, the quantification of a project that does not show long term reduction in needed additional taxpayer resources will allow the Commission to analyze how to improve grant awards in the future. The performance success of projects can assist with the determination of the value that the Commission provides.

### ***Challenge 3: Succession Planning***

Several personnel changes, including the departure of key personnel, have occurred over this past fiscal year. Management should consider documentation of various duties as others fill in the position to facilitate future knowledge transfer. This will allow for faster transition and elimination of intellectual capital that leaves when an employee departs.

There are only two members of the Finance group. If either of these two people were to leave the Commission, management would likely be overwhelmed, and the limited staff would create internal controls deficiencies. Specifically, there would be segregation of duties issues that could leave the Commission more susceptible to accounting errors or misappropriation of assets (both internal and external). These deficiencies would cause the Commission not to comply with the Office of Management and Budget and General Accountability Office requirements and could further hinder management efforts to obtain additional funding. Internal controls are typically a variable cost (as an organization grows the cost grows as well); however, there is a certain fixed portion of cost that needs to be incurred regardless of the size of the organization (based on Federal requirements) and continued reduction in staff may cause the Commission to be below the fixed portion of internal controls. While specifically addressing concerns related to the finance function of the Commission, the diminishing staff and related internal control impact will affect all areas of the Commission (grant origination, grants monitoring, etc.).

Management should be aware that the documentation and development of succession planning can go hand in hand along with long-term strategic planning. There are many Federal agencies and related organizations that can assist in the development of strategic and succession planning.

***Challenge 4: Continued Focus on Cyber Security***

The Commission has made significant and measurable improvements to meet the requirements of the Federal Information Security Modernization Act (FISMA) requirements. Phishing schemes and cyber-attacks for the theft of data and ransomware demands have become more prevalent. While the Commission has been successful in avoiding cyber security incidents through proactive efforts, management should continue to be vigilant about cyber security and continue to invest in counter measures and training. Additionally, the Commission should consider investing in tools and resources, funding permitting, of increasing technological sophistication and complexity that will allow for periodically testing the policies and procedures in place and identify weaknesses to allow such items to be addressed prior to an actual cybersecurity incident occurring.

cc: John Whittington, General Counsel  
Elizabeth Flowers, Senior Financial Officer



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