



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D. C. 20220

October 8, 2021

The Honorable Michael Regan
Administrator, Environmental Protection Agency
Chairperson, Gulf Coast Ecosystem Restoration Council
1200 Pennsylvania Ave, NW
Washington, DC 20004

Re: 2022 Management and Performance Challenges (OIG-CA-22-001)

Dear Chairperson Regan:

As required by the Reports Consolidation Act of 2000, I am providing you, as Chairperson for the Gulf Coast Ecosystem Restoration Council (Council), my office's annual perspective of the most serious management and performance challenges facing the Council. In assessing these challenges, we remain mindful that the Council is a relatively small entity with many responsibilities under the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act). Since my prior year letter, organizations continue to accomplish their missions after more than a year of navigating through the Coronavirus 2019 Disease (COVID-19) pandemic. Public health measures to combat COVID-19 such as working remotely have been in practice by Council staff for some time. While the Council's operating environment may not have been adversely affected by the COVID-19 pandemic as of this writing, we acknowledge that addressing the following challenges may be difficult given the numerous organizations that the Council interacts with to accomplish its work. Going into fiscal year 2022, we continue to report the following three challenges that were noted in prior year:

- Loss of Key Leadership Over Administration of Gulf Coast Restoration Activities (repeat challenge)
- Federal Statutory and Regulatory Compliance (repeat challenge)
- Grant and Interagency Agreement Compliance Monitoring (repeat challenge)

Although challenges exist, I would like to acknowledge some noteworthy accomplishments since my last letter. This includes the successful outcome of the Council's fourth evaluation of its information security program and practices under the *Federal Information Security Modernization Act of 2014* (FISMA).^{1, 2} The Council's information systems security program and practices were assessed as effective for the

¹ Public Law 113-283 (December 18, 2014).

² OIG, *Information Technology: The Gulf Cost Ecosystem Restoration Council Federal Information Security Modernization Act of 2014 Evaluation Report for Fiscal Year 2020*, (OIG-CA-21-003; October 26, 2020).

period July 1, 2019 through June 30, 2020. Also, for the seventh year in a row, the Council received unmodified opinions (also referred to as “clean opinions”) on its financial statements.³

We also commend the Council for transitioning from the Restoration Assistance and Award Management System (RAAMS) which lost vendor software support, to a new multi-system solution. To manage award data, the Council transitioned to GrantSolutions, a grant and program management Federal shared service provider under the U.S. Department of Health and Human Services (HHS). Scientific programmatic data was migrated to the Program Information Platform for Ecosystem Restoration (PIPER) developed through a Memorandum of Understanding with the U.S. Geological Survey. Although the Council has transitioned systems from RAAMS, transfer of some documentation supporting Council award decision stored on the Council’s shared-drive is ongoing. We find that changing technology coupled with organizational changes pose risks to the Council’s ongoing achievements in the areas of Federal statutory and regulatory compliance and grant and interagency agreement compliance monitoring, which we continue to report as ongoing challenges in fiscal year 2022.

Challenge 1: Loss of Key Leadership Over Administration of Gulf Coast Restoration Activities (Repeat)

As presented in my prior year letter, we continue to report the loss of key leadership and organizational change as inherent risks facing the Council. In fiscal year 2021, two senior officials, the Executive Director and the Chief Financial Officer (CFO), retired effective December 2020 and January 2021, respectively. The now-retired CFO was an individual who was part of the stand-up of the Council’s operations since fiscal year 2013. These positions are critical to the Council’s success. Furthermore, these retirements came at a time when the Council is building functionality of the new grants management systems. Fortunately, these important positions were filled timely with a new Executive Director in January 2021 and new CFO in February 2021. The CFO position was filled by an individual with more than 30 years of federal financial management experience who has been with the Council since fiscal year 2015 and who previously served as the Financial Manager, working closely with the prior CFO. The Executive Director position was filled by an existing Senior Executive Service (SES) member who previously served as Regional Administrator for the U.S. Environmental Protection Agency’s (EPA) Region 4.⁴ Although the Council has filled these two leadership positions, inherent risks remain that could impact the Council’s operations and the Gulf Coast restoration activities. Specifically, there is operational risk from the loss of institutional knowledge from departing employees. Effective communication will be particularly important especially since a primary responsibility of the Executive Director position is to communicate regularly with the Council. Fortunately, the newly selected Executive Director and CFO have existing relationships with the Council members.

³ OIG, *Audit of the Gulf Coast Ecosystem Restoration Council’s Financial Statements for Fiscal Years 2020 and 2019*, (OIG-21-008; November 16, 2020).

⁴ EPA has ten regional offices across the United States. Region 4 is in Atlanta and serves Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee.

We also reported in the prior year that the Council lacked a comprehensive succession plan, although there was an initial plan to reduce the number of SES positions and increase the number of director positions. Since reporting this, the Council finalized its fiscal year 2021 succession plan in October 2020. The plan includes a succession planning strategy, policies for hiring, and the Council's updated organizational structure, which was approved previously by the Council Steering Committee in November 2018. With retirement of the former CFO, the updated organizational structure reduced the number of SES positions from three to two (Executive Director and Deputy Executive Director) and removed the CFO as an SES position. The number of director positions now includes four directors for program; administration; finance/CFO; and grants who will report directly to a single Deputy Executive Director. With these organizational changes, it is important that the directors communicate and work together and the Deputy Executive Director provides expanded oversight, in order to achieve the Council's mission. This will be even more critical now that the former CFO will not return as a part-time consultant to help with the transition as originally planned. As individuals have moved into new roles, effective internal and external communications will be critical to the Council's success in continuity and productivity of operations.

Changes to leadership and responsibilities may impact the Council's longstanding challenges related to Federal statutory and regulatory compliance (challenge 2) and grant and interagency agreements compliance monitoring (challenge 3) that will need the governance and oversight of experienced individuals. As discussed above, the leadership team consists of individuals with experience with Council processes and their own areas of responsibility. However, ongoing training and staff development are essential to the Council's operating continuity, especially with the ever-growing list of Federal requirements and the adoption of a new multi-solution to replace RAAMS for managing grants and interagency agreements (IAA) as discussed in challenges 2 and 3.

Challenge 2: Federal Statutory and Regulatory Compliance (Repeat)

The Council must ensure that activities and projects funded by the RESTORE Act meet all environmental laws and regulations at the Federal and State level, and ensure its compliance with applicable laws and regulations as a Federal entity. In March 2020, the Council implemented major technology changes to carry out its grant administration and monitoring activities. Although the Council had migrated the majority of critical award and programmatic specific data from RAAMS to GrantSolutions and PIPER, not all supporting documentation was transferred into GrantSolutions and PIPER as some documentation was stored outside of the two systems. The transfer of grant supporting documentation maintained on the Council's shared-drive has been ongoing through fiscal year 2021. Migrating to new technology brings inherent challenges to any organization. In the case of the Council, the manual transfer of information in addition to the multi-system migration poses risk to the completeness and accuracy of the grants and IAA records and the Council's ability to comply with new as well as existing Federal requirements.

GrantSolutions poses challenges with certain functionality limitations. RAAMS was more customizable and was originally designed to the Council's needs. Certain key processes that were automated in RAAMS, such as due date and other grants management process tracking,

are now done manually on spreadsheets because automating the processes in GrantSolutions is either not feasible or not cost effective at this time. Although the Council hopes to automate some of these processes in GrantSolutions, the Council acknowledges this will take years to complete. In the meantime, the Council continues to incrementally implement features in GrantSolutions and PIPER to help meet reporting and tracking needs. According to Council officials, completely automating all processes within GrantSolutions would be costly and time-consuming, and therefore, the Council will need to do a cost benefit analysis of multiple options for meeting these needs. Given these constraints, the risk of errors as well as incomplete and inaccurate information may increase using multiple mechanisms for tracking and reporting as the number of grant awards increase.

Even with the majority of data migration completed, the full functionality of both systems needs further application customization and testing, and training of staff and award recipients, among other things. As a result, the change to this multisystem solution will continue to impact the workload of staff who will have to balance post-deployment duties and any new responsibilities that result from senior level organizational changes discussed in challenge 1.

As reported last year, the Council continues to experience challenges trying to integrate GrantSolutions with the Bureau of the Fiscal Service Administrative Resource Center's (ARC) Oracle database, which processes and reports the Council's financial data. As noted above, it was determined that GrantSolutions would not be customized at this time due to cost considerations. As such, the Council elected to continue to rely on its manual review and reconciliation process, which poses a higher risk of errors or omissions than an automated process.

Full functionality of GrantSolutions and PIPER is critical to the Council's continued compliance with FISMA, the *Digital Accountability and Transparency Act of 2014* (DATA Act)⁵ and future improper payment reporting required by the *Payment Integrity Information Act of 2019* (PIIA).⁶ Looking ahead, agencies that administer grants and IAAs will have to implement changes to adopt a standardized data structure for information requests and reporting on award recipients under the *Grant Reporting Efficiency and Agreements Transparency Act of 2019* (GREAT Act).⁷ As discussed below, this will increase the responsibilities and workloads of the Council staff.

While the Council met its Federal statutory and regulatory compliance requirements overall in fiscal year 2021, there is inherent risk of incomplete and inaccurate grant records after transitioning to a new multi-systems platform. The Council will need to continue to scrutinize the migrated data and supporting information to ensure that the accuracy, completeness, and overall quality of award and scientific programmatic data have been maintained. This is critical with the growing demand for Federal agencies and entities to make their data as accurate and transparent as possible. As a small agency, it may be difficult for the Council to meet the growing list of data management requirements.

⁵ Public Law 113-101 (May 9, 2014).

⁶ Public Law 116-117, (March 2, 2020).

⁷ Public Law 116-103; (December 30, 2019).

Challenge 3: Grant and Interagency Agreement Compliance Monitoring (Repeat)

Now that the award data and majority of the supporting information has been migrated to GrantSolutions and PIPER from RAAMS, the Council will need to continue to ensure that the data is complete and accurate. This is an essential part of ensuring the Council's adequate oversight of grants and IAAs. The Council's post-award monitoring of grants and IAAs includes: reviewing recipients' performance and financial reports; conducting a risk assessment based on the recipients' Organizational Self-Assessments; performing desk reviews; and conducting on-site visits. In fiscal year 2021, Council staff completed 20 financial desk reviews, 2 financial on-site visits, and 8 on-site/virtual site visits related to programmatic reviews. Overall, the reviews included awards to 6 of 7 State recipients and 3 of 6 Federal agencies. Since the prior year's letter, awards have increased from 109 to 127 grants. As of July 31, 2021, grants and IAAs are valued at approximately \$489 million under the Council-Selected Restoration Component (\$201 million) and the Spill Impact Component (\$288 million) combined. Furthermore, approved State Expenditure Plans under the Spill Impact Component include projects exceeding \$1 billion. As the number of awards and their complexity increases moving forward, additional monitoring will be required which will further add to the Council's workload with the same number of staff. As the program matures, post award monitoring will require a significant commitment of time and attention due to the increasing amount of outstanding funds, payment requests, and progress of projects. In addition, the organizational changes noted above may further challenge the Council's ability to provide adequate oversight.

In response to this challenge in our previous letters, Council officials acknowledged that adequate oversight of grants has been a challenge. In fact, as part of its Enterprise Risk Management profile, the Council continues to identify oversight and monitoring of grant recipients among its top critical risks. In response to the increasing volume of grants and IAAs, the Council has hired additional staff over the years to help with oversight and monitoring of grant recipients, but continues to face challenges as the number of employees is limited due to budgetary constraints.

Grant and IAA monitoring and oversight continues to be an area of concern given the changes that the Council has experienced so far with the transition from RAAMS to GrantSolutions and PIPER, and the Executive Director and CFO positions being filled by new personnel.

Although the challenges highlighted in this letter are the most significant from my office's perspective, we communicate with the Council's staff on existing and emerging issues. As needed, we also engage with affected Federal, State, and local government entities to ensure effective oversight of programs established by the RESTORE Act. Federal statutory and regulatory compliance and monitoring of grants and IAAs will be a central focus of our work going forward. Since the transition to the new grants and programmatic systems is central to meeting these challenges, we plan to audit the Council's implementation activities as part of our audit of the Council's administration of the post award phase for the Council-Selected Restoration Component awards as listed in our Annual Plan for Fiscal Year 2022.

We are available to discuss our views on the management and performance challenges

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and other matters expressed in this letter in more detail.

Sincerely,

/s/

Richard K. Delmar
Acting Inspector General, Department of the Treasury

cc: Mary Walker, Executive Director