



# Audit Report



OIG-24-028

## FINANCIAL MANAGEMENT

### AUDIT OF THE GULF COAST ECOSYSTEM RESTORATION COUNCIL'S COMPLIANCE WITH PIIA OF 2019 FOR FISCAL YEAR 2023

May 29, 2024

Office of Inspector General  
Department of the Treasury

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# Contents

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## Audit Report

Results in Brief .....	2
Background.....	4
Payment Integrity Compliance and Reporting Requirements .....	4
Improper Payments Risk Assessment.....	4
Recovery Audits.....	5
Payment Integrity Reporting.....	5
Audit Results.....	5
Appendix 1: Objectives, Scope, and Methodology.....	9
Appendix 2: Management Response.....	12
Appendix 3: Major Contributors to This Report .....	13
Appendix 4: Report Distribution .....	14

## Abbreviations

AFR	Agency Financial Report
Council	Gulf Coast Ecosystem Restoration Council
IP	Improper Payment
OIG	Office of Inspector General
OMB	Office of Management and Budget
PIIA	Payment Integrity Information Act of 2019
UP	Unknown Payment

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# Audit Report

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May 29, 2024

Mary Walker  
Executive Director  
Gulf Coast Ecosystem Restoration Council

This report presents the results of our audit of the Gulf Coast Ecosystem Restoration Council's (Council) compliance with payment integrity reporting requirements for fiscal year 2023.

The objective of our audit was to assess and report on the Council's overall compliance with requirements contained in the Payment Integrity Information Act of 2019 (PIIA)<sup>1</sup>, enacted to help Federal agencies improve efforts to identify and reduce Government-wide improper payments, and for other purposes. PIIA repealed the Improper Payment Elimination and Recovery Improvement Act of 2012 (IPERIA)<sup>2</sup>, the Improper Payments Elimination and Recovery Act of 2010 (IPERA)<sup>3</sup>, and the Improper Payments Information Act of 2002 (IPIA)<sup>4</sup>. As part of our audit, we also reviewed the Council's implementation of the Office of Management and Budget's (OMB) payment integrity related guidance contained in Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, Appendix C, "Requirements for Payment Integrity Improvement," and Circular No. A-136, Financial Reporting Requirements.

We conducted our fieldwork from March 2024 through April 2024. Appendix 1 contains a more detailed description of our objective, scope, and methodology.

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<sup>1</sup> Pub. L. No. 116-117, 134 Stat. (March 2, 2020)

<sup>2</sup> Pub. L. No. 112-248, 126 Stat. (January 10, 2013)

<sup>3</sup> Pub. L. No. 111-204, 124 Stat. (July 22, 2010)

<sup>4</sup> Pub. L. No. 107-300, 116 Stat. (November 26, 2002)

## Results in Brief

The Council complied with applicable PIIA requirements for fiscal year 2023. We determined that the Council (i) published its payment integrity information with its annual financial statement; (ii) posted its annual financial statement on the agency website; (iii) conducted improper payment (IP) risk assessments for each program with annual outlays greater than \$10 million at least once in the last three years; and (iv) adequately concluded whether the program is likely to make IPs and unknown payments (UPs) above or below the statutory threshold.<sup>5</sup> Six of the ten PIIA requirements were not applicable to the Council because the Council did not have any programs susceptible to significant IPs. This information is outlined in Table 1 below.

**Table 1. The Council's Compliance with PIIA Requirements**

<b>PIIA Requirements</b>	<b>Council Selected Projects and Programs</b>	<b>Oil Spill Impact Program</b>
Published payment integrity information with the annual financial statement	Yes	Yes
Posted the annual financial statement on the agency website	Yes	Yes
Conducted IP risk assessments	Yes	Yes
Adequately concluded whether the program is likely to make IPs and UPs above or below the statutory threshold	Yes	Yes
Published IP and UP estimates	N/A *	N/A *
Published corrective action plans	N/A *	N/A *
Published IP and UP reduction targets	N/A *	N/A *
Demonstrated improvements to payment integrity	N/A *	N/A *

<sup>5</sup> The threshold is the total amount of IPs and UPs estimated that are either above \$10,000,000 and 1.5 percent of the program's total outlays, or above \$100,000,000 (regardless of the associated percentage of the program's total annual outlays that the estimated IPs and UPs represent).

<b>PIIA Requirements</b>	<b>Council Selected Projects and Programs</b>	<b>Oil Spill Impact Program</b>
Developed a plan to meet IP and UP reduction targets	N/A *	N/A *
Reported an IP and UP estimate of less than 10 percent	N/A *	N/A *

Source: OIG’s assessment of Council’s compliance with PIIA requirements.

\* Not susceptible to significant improper payments

We determined that the Council reported its payment integrity information in accordance with OMB Circular A-136 as required by OMB Circular A-123, Appendix C, “Requirements for Payment Integrity Improvement” (OMB M-21-19).

We reviewed the Council's payment integrity information reported in its Agency Financial Report (AFR) and accompanying information and determined that the Council's information reported on PaymentAccuracy.gov was consistent with supporting documentation.

For fiscal year 2023, we noted that the Council did not perform risk assessments of its programs because it was in the second year of a three-year risk assessment cycle, and the Council was not required to do so. The Council performed risk assessments of its programs in fiscal year 2022. In addition, the Council did not perform a recovery audit. The Council determined that conducting recovery audits would not be a cost-effective endeavor. The Council management informed us that the decision is based on historical data showing a low occurrence of improper payments and that the cost associated with conducting a formal recovery audit outweighed the benefits.

We made no recommendations in this report.

In a written response, Council management concurred with the OIG’s assessment and indicated that the Council remains dedicated to upholding legal requirements, adhering to OMB guidance, and proactively preventing, reducing, and recovering improper payments within its programs. Management’s written response is provided in its entirety at appendix 2.

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## Background

### Payment Integrity Compliance and Reporting Requirements

On March 2, 2020, PIIA repealed IPERIA, IPERA, and IPIA, but set forth similar improper payment reporting requirements. PIIA requires agencies to conduct program-specific risk assessments for each program or activity identified by the agency, provide the methodology for identifying and measuring improper payments, and report on actions the agency plans to take to prevent future improper payments.

As a result of PIIA, OMB updated OMB Circular A-123, Appendix C, “Requirements for Payment Integrity Improvement” and issued its revised guidance (OMB M-21-19) on March 5, 2021. The goal of this revision is to transform the payment integrity compliance framework and create a more comprehensive and meaningful set of requirements to allow agencies to spend less time complying with low-value activities and more time researching underlying causes of improper payments, balancing payment integrity risks and controls, and building the capacity to help prevent future IPs.

OMB Circular A-136 includes the financial reporting requirements that federal agencies must follow in reporting its PIIA information in the agency’s annual financial statement. Among the requirements are the collection of payment integrity information by OMB through the annual data call and actions taken by the agency to address recovery auditor recommendations to prevent overpayments.

The agency is responsible for ensuring compliance with PIIA each fiscal year. The Office of Inspector General (OIG) is responsible for evaluating the agency’s compliance with PIIA each fiscal year and submitting a report on that determination.

### Improper Payments Risk Assessment

The Council performs risk assessments for its programs that have outlays over \$10 million on a three-year risk assessment cycle. The Council is in the second year of a three-year risk assessment cycle



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and is therefore not required to perform risk assessments of its programs in fiscal year 2023. The next scheduled risk assessment is planned for fiscal year 2025. For fiscal year 2023, the Council did not have any programs or activities susceptible to significant improper payments.

### Recovery Audits

PIIA requires agencies to conduct recovery audits to prevent, detect, and recover overpayments, if conducting such audits would be cost-effective, for each program and activity that expends \$1 million or more annually. A recovery audit is a review and analysis of an agency's or program's accounting and financial records, supporting documentation, and other pertinent information supporting its payments that is specifically designed to identify overpayments. For fiscal year 2023, the Council did not conduct a recovery audit because the Council determined that conducting such an audit would not be cost effective.

### Payment Integrity Reporting

The Council reported its payment integrity information in accordance with OMB Circular A-136. The Council published its fiscal year 2023 AFR and posted it to its website. In addition, the Council provided its payment integrity information during the fiscal year 2023 Payment Integrity Annual Data Call, which was then published on PaymentAccuracy.gov.

## **Audit Results**

According to OMB Circular A-123, an agency is required to meet ten specific requirements to be compliant with PIIA. The ten requirements are (1) publishing payment integrity information with the annual financial statement; (2) posting the annual financial statement and accompanying materials on the agency website; (3) conducting IP risk assessments for each program with annual outlays greater than \$10 million at least once in three years; (4) concluding on the program's likelihood to make IPs and UPs above or below the statutory threshold; (5) publishing IP and UP estimates; (6) publishing corrective action plans; (7) publishing IP

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and UP reduction targets; (8) demonstrating improvements to payment integrity; (9) developing a plan to meet IP and UP reduction targets; and (10) reporting an IP and UP payment rate of less than 10 percent.

We found that the Council complied with all applicable PIIA requirements for fiscal year 2023. The Council (1) published its payment integrity information with its annual financial statement; (2) posted its annual financial statement on the agency website; (3) conducted IP risk assessments for each program with annual outlays greater than \$10 million at least once in the last three years; and (4) adequately concluded whether the program is likely to make IPs and UPs above or below the statutory threshold. Six of the ten PIIA requirements were not applicable to the Council because the Council did not have any programs susceptible to significant IPs.

We reviewed the Council's AFR and any accompanying information and noted that the Council included improper payment information in the PIIA section. We also noted that the Council published its AFR on its website and included a link to [Paymentaccuracy.gov](https://www.paymentaccuracy.gov) in its AFR. We reviewed the Council's payment integrity information on [Paymentaccuracy.gov](https://www.paymentaccuracy.gov) and noted that the Council provided its payment integrity information during the fiscal year 2023 Payment Integrity Annual Data Call.

We also reviewed the Council's agency survey submission to OMB's Annual Data Call and determined that the information submitted is complete and supports the information published on [Paymentaccuracy.gov](https://www.paymentaccuracy.gov). We noted during our review that the Council did not perform risk assessments for its programs that have outlays over \$10 million because the Council is on its second year of a three-year risk assessment cycle and therefore, was not required to perform risk assessments in fiscal year 2023. The Council plans to perform its next risk assessments in fiscal year 2025. In our report [OIG-23-025, Audit of the Gulf Coast Ecosystem Restoration Council's Compliance with PIIA of 2019 for Fiscal Year 2022](#), we noted that the Council performed a qualitative risk assessment of its programs utilizing the Bureau of the Fiscal Service Administrative Resource Center's risk assessment questionnaire that resulted in a low-risk rating for the Council's overall fund group.

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For Fiscal Year 2023, we noted that Council did not perform a recovery audit. The Council determined that conducting recovery audits would not be a cost-effective endeavor. The Council's determination was based on historical data showing a low occurrence of improper payments and the fact that the cost associated with conducting a formal recovery audit outweighs the benefits. Specifically, the Council's fiscal year 2022 recovery audit cost the agency \$4737.48 while only one improper payment was identified and collected, amounting to \$16.88.

We also noted that the Council conducted recovery activities outside of the recovery audit to identify and recapture overpayments during fiscal year 2023. The Council identified improper payments of \$519.16 related to travel and an erroneous Federal Employee Health Benefit payroll enrollment for a new employee. The Council collected \$319.16 out of the \$519.16, which resulted in uncollected amount of \$200 at the end of the fiscal year 2023 and a 61.48% recovery rate reported on Paymentaccuracy.gov. The Council collected the remaining \$200 in October 2023.

The Council's total program and activity expenditures for fiscal year 2023 did not exceed \$10 million and the total improper payment of \$519.16 was less than the statutory threshold for significant improper payments and reporting requirements specified in OMB M-21-19. Additionally, the Council did not have any programs or activities susceptible to significant improper payments or designated as high priority programs. As a result, the Council was not required to publish IP and UP estimates or corrective action plans in the annual financial statement. The Council was also not required to publish IP and UP reduction targets, demonstrate improvements to payment integrity or reach a tolerable IP and UP rate, develop a plan to meet the IP and UP reduction targets, and report an IP and UP estimate of less than 10 percent for each program.

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We appreciate the courtesies and cooperation extended by your staff during the audit. If you wish to discuss the report, you may

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contact me at (202) 439-5835 or Shiela Michel, Audit Manager, at (202) 486-1415. Major contributors to this report are listed in appendix 3. A distribution list for this report is provided as appendix 4.

/s/

Ade Bankole

Director, Financial Statement Audits

## Appendix 1: Objectives, Scope, and Methodology

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The overall objective of our audit was to determine whether the Gulf Coast Ecosystem Restoration Council (Council) complied with the payment integrity reporting requirements for fiscal year 2023. We assessed the Council's compliance with the reporting requirements set forth in the Payment Integrity Information Act of 2019 (PIIA).

The scope of our audit covered the period from October 1, 2022, through September 30, 2023.

To accomplish our objective, we performed the following activities during audit fieldwork conducted from March 2024 through April 2024:

- We reviewed applicable laws, regulations, and guidance issued by the Office of Management and Budget (OMB), and the Council's supporting documentation for its payment integrity reporting.
- We conducted interviews of the Council's personnel responsible for the payment integrity reporting.
- We reviewed the fiscal year 2023 annual financial statement and any accompanying materials to assess whether the Council:
  - published payment integrity information with the annual financial statement;
  - posted the annual financial statement and accompanying materials on the agency website;
  - conducted improper payment (IP) risk assessments for each program with annual outlays greater than \$10 million at least once in the last three years;
  - adequately concluded whether the program is likely to make IPs and unknown payments (UP) above or below the statutory threshold;
  - published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement;
  - published corrective action plans for each program for which an estimate above the statutory threshold was

## Appendix 1: Objectives, Scope, and Methodology

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- published in the accompanying materials to the annual financial statement;
  - published an IP and UP reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement;
  - demonstrated improvements to payment integrity or reached a tolerable IP and UP rate;
  - developed a plan to meet the IP and UP reduction targets; and
  - reported an IP and UP estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement.
- To assess the Council's risk assessment process, we reviewed supporting documentation to determine the completeness and accuracy of the information reported and compliance with applicable guidance. We also interviewed Council officials involved in the risk assessment process.
  - We interviewed Council officials and reviewed supporting documentation related to the Council's decision not to conduct a recovery audit in fiscal year 2023.

Because the Council was not required to perform a risk assessment and did not perform a recovery audit in fiscal year 2023, we did not receive computer processed data and therefore did not perform data reliability testing. We also did not perform statistical sampling as no detailed transaction testing was required for the fiscal year 2023 audit.

Management is responsible for the design, implementation, and operating effectiveness of the agency's internal controls. We assessed the Council's internal controls and compliance with policies and procedures necessary to satisfy the audit objective. Specifically, we determined that the principles of designing and implementing control activities within the control activities component of internal controls, the principles of communicating with the information and communication component of internal controls, and the principle of performing monitoring activities within the monitoring component of internal controls, were significant to the Council's payment integrity reporting.

Additionally, the Council's review and publication of its payment integrity information, response to the OMB Annual Data Call, and risk assessment process of its programs and activities were significant internal controls related to the audit.

We assessed whether internal controls are properly designed and implemented through walkthroughs and review of policies and procedures. In addition, we tested the operating effectiveness of the internal controls by reviewing and inspecting relevant documents and data related to the Council's payment integrity reporting. However, because our review was limited to those internal control components and underlying principles that are significant to the audit objective, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Appendix 2: Management Response

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**Gulf Coast Ecosystem Restoration Council**  
500 Poydras Street, Suite 1117  
New Orleans, LA 70130

May 14, 2024

Ade Bankole  
Director, Financial Statement Audits  
Department of the Treasury

Re: Response to the draft OIG Audit Report: Audit of the Gulf Coast Ecosystem Restoration Council's Compliance with PIIA for Fiscal Year 2023

Thank you for the opportunity to review the draft Audit of the Gulf Coast Ecosystem Restoration Council's Compliance with PIIA for Fiscal Year 2023. The Council concurs with the OIG's assessment that we fully complied with all PIIA requirements and had no programs identified as susceptible to significant improper payments or designated as high priority.

The Council remains dedicated to upholding legal requirements, adhering to OMB guidance, and proactively preventing, reducing, and recovering improper payments within our programs. We would like to thank the Office of Inspector General for the professionalism and courtesy demonstrated throughout the audit process.

Sincerely,

**MARY**  
**WALKER**

Digitally signed  
by MARY WALKER  
Date: 2024.05.14  
10:56:02 -05'00'

Mary S. Walker  
Executive Director



## **Appendix 3: Major Contributors to This Report**

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Shiela Michel, Audit Manager

Rufus Etienne, Auditor

Adam Bradley, Auditor

Steven Bitz, Auditor

Wendy Skinner, Auditor

Adrienne Gilbert, Referencer

## **Appendix 4: Report Distribution**

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### **Gulf Coast Ecosystem Restoration Council**

Chairperson  
Executive Director  
Chief Financial Officer

### **Department of the Treasury**

Deputy Secretary  
Under Secretary for Domestic Finance  
Fiscal Assistant Secretary  
Deputy Assistant Secretary, Fiscal Operations and Policy

### **Office of Management and Budget**

Controller, Office of Federal Financial Management  
OIG Budget Examiner

### **U.S. Senate**

Chairman and Ranking Member, Committee on Appropriations  
Chairman and Ranking Member, Financial Services and General  
Government  
Chairman and Ranking Member, Committee on Homeland  
Security and Governmental Affairs

### **U.S. House of Representatives**

Chairman and Ranking Member, Committee on Appropriations  
Chairman and Ranking Member, Committee on Oversight and  
Reform  
Chairman and Ranking Member, Financial Services and General  
Government  
Chairman and Ranking Member, Commerce, Justice, Science,  
and Related Agencies  
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and Related Agencies  
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Related Agencies

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Comptroller General of the United States

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