



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

October 1, 2019

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

Re: 2020 Management and Performance Challenges (OIG-CA-20-001)

Dear Chairperson Wheeler:

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 still 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). This year, we continue to report the following two challenges noted from the prior year:

- Federal Statutory and Regulatory Compliance (repeat challenge)
- Grant and Interagency Agreement Compliance Monitoring (repeat challenge)

Although challenges still exist, I would like to acknowledge some noteworthy accomplishments in fiscal year 2019. This includes the Council's completion of a "Data Quality Plan" required by the Office of Management and Budget (OMB) in memorandum M-18-16, *Management of Reporting and Data Integrity Risk*. As reported in our prior year's letter, OMB required that Federal agencies develop and maintain a "Data Quality Plan" that considers the incremental risks to data quality in federal spending, and any controls that would manage such risks. I also want to commend the Council on the outcome of its second evaluation of its information security program and practices under the *Federal Information Security Modernization Act of 2014* (FISMA).¹ With noted improvement, the Council's information systems security program and practices were assessed as effective for the period July 1, 2017 through June 30, 2018. For the fifth year in a row, the Council received unmodified opinions (also referred to as "clean opinions") on its financial statements.²

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

² OIG, *Audit of the Gulf Coast Ecosystem Restoration Council's Financial Statements for Fiscal Years 2018 and 2017*, (OIG-19-017; November 15, 2018).

In last year's challenge letter, my office reported concerns related to the Council's need to implement a new grants management system as it was losing software vendor support for the Restoration Assistance and Award Management System (RAAMS). As of this writing, a new grants management system has not been deployed. The uncertainty of a fully operational grants management system poses risk to the Council's ongoing achievements made 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 2020.

Challenge 1: Federal Statutory and Regulatory Compliance

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 also ensure its compliance with applicable laws and regulations as a Federal entity. With the uncertainty of a successful transition from RAAMs to a new grants management solution, the Council's ability to comply with new as well as existing Federal requirements may be in question.

In fiscal year 2018, Council management selected Health and Human Services' (HHS) GrantSolutions to replace RAAMS. As a result of HHS' fit-gap analysis,³ Council management determined that it needed another component to capture scientific and project management program data. The result is a two-part software replacement that is expected to be deployed simultaneously in early fiscal year 2020. Council plans to move grant award and compliance data to GrantSolutions and house the scientific programmatic data in a new system called the Program Information Platform for Ecosystem Restoration (PIPER) being developed by the United States Geological Survey. A multi-system transition such as this may impact the workloads of existing staff who will have additional post deployment duties to ensure that the transfer of grant and programmatic data from RAAMS is accurate and timely. In addition to accurately transferring information from the single RAAMS database to two new independent systems, both staff and award recipients will also need to be trained in their respective new applications.

A successful transition to GrantSolutions and PIPER is critical to the Council's continued compliance with FISMA, the Digital Accountability and Transparency Act of 2014 (DATA Act), the recently enacted *Foundations for Evidence-Based Policymaking Act of 2018*⁴ (Evidence Act), and future improper payment reporting required by the *Improper Payments Elimination and Recovery Act of 2010* (IPERA).

DATA Act

DATA Act implementation is an ongoing government-wide initiative. Agencies must report spending data for publication on USAspending.gov on a recurring schedule. Our first audit of data quality found that the Council's management controls over its fiscal year 2017, second quarter DATA Act submission, reconciliation, and certification process were reasonably designed, implemented and operating effectively. That said, some of the Council's data was not complete, timely, accurate, or of quality resulting from the Bureau of the Fiscal Service's

³ Fit-gap analysis is the process of identifying how well a service or software solution fits an organization's requirements.

⁴ Public Law 115-435; (January 14, 2019).

Administrative Resource Center's (ARC) submission of information to the DATA Act Broker⁵ for publication on Beta.USAspending.gov.⁶ As of this writing, we are concluding our second audit of the Council's data quality related to its fiscal year 2019, first quarter financial and award data. This audit will include review of corrective actions to address ARC's submission errors.

Beginning in fiscal year 2019, OMB Memorandum M-18-16, *Management of Reporting and Data Integrity Risk* requires that agencies' Senior Accountable Officials (SAO) must consider the newly developed "Data Quality Plan" and the documented internal control contained therein when certifying quarterly data and preparing its annual assurance statement required by the *Federal Managers Financial Integrity Act of 1982*.⁷ The SAO's consideration of its "Data Quality Plan" is required through fiscal year 2021 at a minimum, or until the SAO determines that it can provide reasonable assurance over the data controls that ensure the quality of data submitted in accordance with the DATA Act. While we acknowledge that the Council's SAO developed a "Data Quality Plan," the SAO will have to identify risks associated with the transition of data from RAAMS to Grantsolutions and PIPER and update its plan to mitigate such risks.

The successful transition of data from RAAMS to Grantsolutions and PIPER is critical to the Council achieving the data quality reporting goal of the DATA Act.

Evidence Act

Over the past fiscal year, the Council was required to begin implementing government-wide reforms for making data accessible and useful for decision-making as mandated by the Evidence Act. Among several requirements, Federal agencies must submit annually to Congress and OMB, an evidence-building plan for identifying and addressing policy questions relevant to programs, policies, and regulations. Under Title II, the *Open, Public, Electronic, and Necessary Government Data Act* or the "*OPEN Government Data Act*," Federal agencies must develop a strategic information resources management plan that includes, among other things, an open data plan that requires agencies to develop processes and procedures making data collection mechanisms created on or after enactment to be available in an open format. The strategic information resources management plan and open data plan must be updated annually and made publically available on the agency website. Federal agencies must also develop and maintain a data inventory to be included in the Federal Data Catalogue⁸ (The home of the U.S. Government's open data is found in this link: www.Data.gov) developed and maintained by the General Services Administration.

⁵ The Broker is an information system that collects, maps, transforms, validates, and submits agency financial and award data into a format consistent with the DATA Act Information Model Schema.

⁶ OIG, *DATA Act: Council Met Reporting Requirements Under the DATA Act Despite Challenges*, (OIG-18-008; November 2, 2017).

⁷ Public Law 97-255 (September 8, 1982).

⁸ A single public interface on-line as a point of entry for sharing data assets with the public.

Given that Evidence Act implementation is expected to be an ongoing effort requiring coordination, OMB plans to provide iterative guidance in phases. “Phase 1” includes, among other things, designating personnel for new positions and developing an open data plan⁹ to assess activities pursuant to a Federal agencies’ respective evidence-based plans. Among the initial “Phase 1” requirements is the designation of a Chief Data Officer who will participate in an Evidence Act orientation hosted by OMB and must serve on the newly created Chief Data Officer Council.¹⁰

Given the data-centric aspects of the Evidence Act, it will be incumbent upon the Council to ensure the integrity of its grant and programmatic data in transitioning to GrantSolutions and PIPER.

IPERA

IPERA requires the head of the agency or Federal entity to periodically review all programs and activities that are administered, and identify all programs and activities that may be susceptible to significant improper payments. For fiscal year 2018, my office determined that the Council was compliant with all applicable requirements set forth in Part IV-A.3 of Appendix C to OMB Circular No. A-123, *Requirements for Payment Integrity Improvement* (OMB M-18-20).¹¹ That said, the Council’s total program and activity expenditures were less than OMB’s threshold for reporting “significant improper payments.”¹² We expect that in the upcoming year(s) as grant activity increases, the Council will meet OMB’s threshold and screening for improper payments will become more critical. As such, we consider the transition of award data from RAAMS to GrantSolutions as a more immediate risk to meeting improper payment reporting requirements in fiscal year 2020.

While the Council met its Federal statutory and regulatory compliance requirements in fiscal year 2019, there is inherent uncertainty when developing and/or transitioning to new information technology systems. In addition to ensuring a timely transition, the quality and accuracy of award and scientific programmatic data needs to be maintained. This is critical with the growing demand for Federal agencies and entities to make their data as accurate and transparent as possible. Within this small agency it may be difficult to meet the growing list of data management requirements.

Challenge 2: Grant and Interagency Agreement Compliance Monitoring

Until the successful transition of award data from RAAMS to GrantSolutions is completed, ensuring adequate oversight of grants and interagency agreements (IAA) remains a challenge. Since prior year’s letter, awards have increased from 37 to 55 grants and interagency

⁹ OMB, M-19-23, *Phase 1 Implementation of the Foundations for Evidence-Based Policy Act of 2018: Learning Agendas, Personnel, and Planning Guidance*, (January 10, 2019).

¹⁰ The purpose of the council, among other things, is to establish government-wide best practices for the use, protection, dissemination, and generation of data; promote data sharing; consult with stakeholders; identify and evaluate new technology solutions; and identify ways to improve production of evidence for policymaking.

¹¹ OIG Letter to Director of OMB (OIG-CA-19-017; May 22, 2019).

¹² OMB M-18-20, “significant improper payments” are defined as the total amount of overpayments and underpayments in the program exceeding (1) both 1.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported or (2) \$100,000,000 (regardless of the improper payment percentage of total program outlays).

agreements valued at approximately \$204 million under the Council-Selected Restoration Component (\$143 million) and the Spill Impact Component (\$61 million) combined. Furthermore, approved State Expenditure Plans under the Spill Impact Component include projects exceeding \$823 million.

In response to this challenge in our previous two letters, Council officials acknowledged that adequate oversight of grants was a challenge. In fact, as part of its Enterprise Risk Management (ERM) risk management profile, Council identified oversight and monitoring of grant recipients among its top critical risks. After reviewing its human resources requirements, and in response to the increasing volume of grants and IAAs, the Council gave approval to hire a financial analyst, another grants management specialist, and reallocated an administrative personnel position to the program management team. Those positions will be helpful, but as in the past, recruitment and hiring takes time.

While the Council must change its mechanisms to manage and store award and programmatic data that continues to increase, its oversight responsibilities are also growing. We anticipate that monitoring the growing portfolio of grants and interagency agreements will continue to be a significant challenge in the near future.

Although the challenges highlighted in this letter are the most significant from my office's perspective, we communicate regularly with the Council's staff on existing and emerging issues. In addition, we remain actively engaged 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 grant and interagency agreements 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 have included an audit of Council's implementation activities in our Annual Plan for Fiscal Year 2020.

We are available to discuss our views on the management and performance challenges and other matters expressed in this letter in more detail.

Sincerely,

/s/

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

cc: Ben Scaggs, Executive Director