



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

October 3, 2024

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

Re: 2025 Management and Performance Challenges (OIG-CA-25-001)

Dear Chairperson Regan:

As required by the Reports Consolidation Act of 2000,¹ 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).² An ongoing matter has been the Council's reorganization resulting from the loss of key leadership positions. While there are currently no senior leadership vacancies, we continue to note personnel transitions. Going into Fiscal Year (FY) 2025, we continue to report the following three challenges from the prior year:

- Recruiting and Retaining a Highly Skilled Workforce (repeat challenge)
- Federal Statutory and Regulatory Compliance (repeat challenge)
- Grant and Interagency Agreement Compliance Monitoring (repeat challenge)

Although challenges exist, we would like to acknowledge some noteworthy accomplishments since my last letter. This includes the successful outcome of the seventh independent evaluation³ of the Council's information security program and practices under the Federal Information Security Modernization Act of 2014 (FISMA).⁴

¹ Public Law 106-531 (November 22, 2000).

² Public Law 112-141, Moving Ahead for Progress in the 21st Century Act (July 6, 2012). Subsection F in Title I of Division A in Public Law 112-141 is cited as the RESTORE Act.

³ Treasury OIG, *The Gulf Coast Ecosystem Restoration Council Federal Information Security Modernization Act of 2014 Evaluation Report for Fiscal Year 2024*, OIG-CA-24-021 (July 29, 2024).

⁴ Public Law 113-283, Federal Information Security Modernization Act of 2014 (December 18, 2014).

For FY 2024, 17 supplemental metrics and 20 core metrics were evaluated from the Office of Management and Budget's (OMB) FY 2023-2024 Inspector General (IG) FISMA Reporting Metrics, Version 1.1, dated February 10, 2023.⁵ These metrics aligned with the five function areas in the National Institute of Standards and Technology Framework for Improving Critical Infrastructure Cybersecurity: identify, protect, detect, respond, and recover. The Council's information security program and practices were assessed as effective for the period April 1, 2023, through March 31, 2024. Additionally, for the tenth year in a row, the Council received unmodified opinions (also referred to as "clean opinions") on its financial statements.⁶

We also commend the Council for its efforts to improve and maintain the overall functionality in the multi-system solution (GrantSolutions,⁷ the Program Information Platform for Ecosystem Restoration (PIPER),⁸ and the Council's internal network) that replaced the Council's original grant management system.

Furthermore, we commend the Council for its efforts to recruit and retain a highly skilled workforce. Since the Council's organizational changes discussed in last year's letter, there have been no vacancies in any of the leadership positions. Additionally, the Grants/Interagency Agreements (IAAs) and Compliance team is currently fully staffed with qualified employees and contractual grant support, including two new Grants Specialists and one additional contractor.

Despite the successful management of operations, we believe evolving technology and ongoing personnel transitions pose risks to the Council's administration. Specifically, we report the following challenges.

Challenge 1: Recruiting and Retaining a Highly Skilled Workforce (Repeat)

Since last year's letter, one Grants Specialist retired. While that position has since been filled, and the Grants/IAAs and Compliance staff has increased in number, there was an overall loss of knowledge and experience. Retirements and separations are always a challenge for Federal agencies, particularly a smaller agency like the Council that needs to maintain a highly skilled workforce. Loss of institutional knowledge will continue to be a risk.

A comprehensive and documented succession plan is critical to the Council's continuity and productivity, in both the near-term and the long-term, so that operations are minimally impacted. We believe that keeping an updated succession plan in place will aid the Council in administering its programs effectively. In response to my 2021 letter, the Council created a succession plan to ensure leadership continuity by building a leadership pipeline and talent pool. In August 2023, the Council updated their succession plan to reflect their reorganization, and the Council has continued to maintain the succession plan for FY 2025.

However, during FY 2024, the Council has had two Program Specialist position

⁵ OMB, Department of Homeland Security, and the Council of the Inspectors General on Integrity and Efficiency developed the IG FISMA Reporting Metrics in consultation with the Federal Chief Information Officers Council.

⁶ Treasury OIG, *Audit of the Gulf Coast Ecosystem Restoration Council's Financial Statements for Fiscal Years 2023 and 2022*, OIG-24-006 (November 14, 2023).

⁷ GrantSolutions is a grant and program management Federal shared service provider under the Department of Health and Human Services.

⁸ PIPER was developed through a Memorandum of Understanding with the U.S. Geological Survey.

vacancies. Any turnover significantly impacts staff workload and institutional knowledge, but the Programs team is even smaller than the Grants/IAAs and Compliance team and has less contractual support. Therefore, it is critical for the Council to quickly fill these positions to aid in balancing staff workload, increasing the likelihood of current staff retention.

As staffing changes inevitably continue, effective internal and external communications, as well as adequate continuity of operations planning, will be critical to the Council's success and productivity. Changes to staff workload and responsibilities may impact the Council's longstanding challenges related to Federal statutory and regulatory compliance (Challenge 2) and grant and IAA compliance monitoring (Challenge 3). While there continues to be Grants and Program Specialists with direct experience with the Council's processes and responsibilities, we believe the Council should continue training and developing staff with continuity of operations in mind.

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 levels 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. As a small organization, the Council faces ongoing challenges with cost increases posed by GrantSolutions. Specifically, the cost of GrantSolutions increased by almost 25 percent between FYs 2023 and 2024 and will increase by 8.5 percent between FYs 2024 and 2025. Additionally, as reported in prior years, GrantSolutions has functionality limitations that prevent the system from being customized to fit all the Council's needs.

Due to the previously aforementioned challenges, the Council determined that GrantSolutions would not be fully customized. As a result, the Council continues to track certain information, and perform its review and reconciliation process, manually on electronic spreadsheets. Given these constraints, the risk of errors as well as incomplete and inaccurate information may increase using multiple mechanisms to track and report as the number of grant awards increase.

In the meantime, the Council continues to implement some features in GrantSolutions and PIPER incrementally to help meet reporting and tracking needs. For example, the Council invested in the development of a custom business intelligence (BI) dashboard through GrantSolutions. However, further functionality of GrantSolutions and PIPER is critical to the Council's continued compliance with FISMA and future improper payment reporting required by the Payment Integrity Information Act of 2019 (PIIA).⁹

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).¹⁰ Additionally, in April 2024, OMB revised the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) in 2 Code of Federal Regulations (CFR) 200 to aid Federal agencies in administering and managing all Federal awards issued on or after October 1,

⁹ Public Law 116-117, Payment Integrity Information Act of 2019 (March 2, 2020).

¹⁰ Public Law 116-103, Grant Reporting Efficiency and Agreements Transparency Act of 2019 (December 30, 2019).

2024.¹¹ Accordingly, agencies should ensure that Federal award terms and conditions, notices of funding opportunities (NOFOs), internal agency policies and procedures, agency templates, and other program documents reflect these revisions for those Federal awards.

As noted below, complying with these Federal laws and regulations will increase the responsibilities and workloads of the Council staff.

PIIA

PIIA requires an agency to conduct program-specific risk assessments for each program or activity identified by the agency, provide the methodology for identifying and measuring improper payments (IP), and report on actions the agency plans to take to prevent future improper payments. As a result of PIIA, OMB updated OMB Circular No. A-123, Appendix C, “Requirements for Payment Integrity Improvement,” and issued revised guidance in M-21-19, “Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement” (March 5, 2021). The goal of OMB’s revisions was 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, “Financial Reporting Requirements” (May 30, 2024), includes the financial reporting requirements that agencies must follow in reporting their PIIA information in the agency’s annual financial statement. Among the requirements are the collection of payment integrity information by OMB through an annual data call and actions taken by the agency to address recovery audit recommendations to prevent overpayments.

My office conducted an audit of the Council’s compliance with payment integrity reporting requirements for FY 2023 and found that the Council published its payment integrity information with its annual financial statement on the agency’s website.¹² Council also conducted IP risk assessments for each program with outlays greater than \$10 million at least once in the last 3 years and adequately concluded whether the program is likely to make IPs and unknown payments above or below the statutory threshold.¹³

During our audit of the Council’s compliance with payment integrity reporting requirements for FY 2022,¹⁴ we found that the Council’s risk assessment information reported on PaymentAccuracy.gov was inconsistent with the supporting documentation provided. The Council’s risk assessment information on PaymentAccuracy.gov noted that the Council did not have any programs with outlays greater than \$10 million, meaning the Council personnel were not required to conduct risk assessments. However, the Council

¹¹ OMB, M-24-11, “Reducing Burden in the Administration of Federal Financial Assistance” (April 4, 2024).

¹² Treasury OIG, *Audit of the Gulf Coast Ecosystem Restoration Council’s Compliance with PIIA of 2019 for Fiscal Year 2023*, OIG-24-028 (May 29, 2024).

¹³ Per OMB M-21-19, the statutory threshold is the total amount of IPs and unknown payment estimates 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 IP and unknown payment amounts represent. Each program with annual outlays over \$10,000,000 must conduct an IP risk assessment at least once every three years to determine whether the program is likely to have IPs above the statutory threshold.

¹⁴ Treasury OIG, *Audit of the Gulf Coast Ecosystem Restoration Council’s Compliance with PIIA of 2019 for Fiscal Year 2022*, OIG-23-025 (May 18, 2023).

actually had two programs with outlays greater than \$10 million and performed risk assessments for them in FY 2022. OMB did not have record of the program level surveys being completed for the Council's respective programs greater than \$10 million, as required by the FY 2022 Payment Integrity Annual Data Call Instructions. We made two recommendations, which Council management agreed to correct in its written response to our audit report. During our FY 2023 audit, we determined that the Council's information reported on PaymentAccuracy.gov was consistent with supporting documentation and we made no recommendations in the report.

GREAT Act

Under the GREAT Act, Federal agency administrators have been preparing their agencies for consolidated Federal data collection and shared reporting to reduce the burden and cost to grant recipients. The Council intended to implement any remaining requirements to update documents and processes to announce, award, and oversee Federal grants and IAAs for compliance with OMB data standards starting October 1, 2023.¹⁵ However, according to the Government Accountability Office, guidance on the implementation of the new data standards has not been issued.¹⁶ The Council informed us that they remain committed to working with GrantSolutions to ensure all necessary processes are compliant once the guidance has been issued.

Uniform Guidance

The April 2024 revisions to the Uniform Guidance eliminate several prior approval requirements, increase multiple thresholds that trigger additional requirements, and clarify requirements for agencies and recipients. As a result, each Federal agency must:

- Submit their plan for implementing the Uniform Guidance revisions by May 15, 2024;
- Identify the Assistance Listings associated with each program or activity reported under PIIA and submit a crosswalk of Assistance Listings and program/activity names used when fulfilling the requirements under PIIA, by June 1, 2024;
- Submit a NOFO simplification plan to OMB by August 1, 2024; and
- Complete an initial assessment of their current Assistance Listings and their preliminary plan to work toward establishing a single Assistance Listing, where appropriate, for each program by November 15, 2024.

The Council informed us that the NOFO simplification plan requirement is not applicable to Council awards, as they are not competitive. The Council notified OMB of their exception to the requirement prior to the August 1, 2024, deadline. Overall, the Council does not foresee any issues with meeting requirements and deadlines associated with revisions to the Uniform Guidance.

While the Council met its Federal statutory and regulatory compliance requirements in FY 2024, there is an inherent risk to data integrity, especially as it pertains to manually tracking data. Therefore, the Council must continue to scrutinize data and supporting information to ensure that the accuracy, completeness, and overall quality of award and

¹⁵ Per OMB M-22-02, effective October 1, 2023, agencies must report the data element Funding Opportunity Number and Funding Opportunity Goals Text for competitive discretionary grants and cooperative agreements.

¹⁶ Government Accountability Office, *Grants Management: Action Needed to Ensure Consistency and Usefulness of New Data Standards*, GAO-24-106164 (January 25, 2024).

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.

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

The Council will need to continue to ensure that data in GrantSolutions, PIPER, and the Council's network drive is complete and accurate as part of its ongoing grant and IAA monitoring and oversight. 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 FY 2024, Council staff completed 10 financial desk reviews and 10 on-site visits related to programmatic reviews. Furthermore, 7 additional financial desk reviews and 1 additional programmatic review were planned for FY 2024 but were postponed due to a lack of activity on the awards. Overall, the Council reviewed 6 of 7 awards made to State recipients and 3 of 6 awards made to Federal agencies.

Since last year, awards have increased from 166 to 170 grants. As of July 29, 2024, grants and IAAs are valued at approximately \$1.14 billion under the Council-Selected Restoration Component (\$469 million) and the Spill Impact Component (\$672 million) combined. Furthermore, approved State Expenditure Plans under the Spill Impact Component include projects exceeding \$1.17 billion. As the number of awards and their complexity continues to increase, additional monitoring will be required, adding to the Council's workload. 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 response to our previous letters, Council officials acknowledged that adequate oversight of grants will be challenging on an ongoing basis. As part of its Enterprise Risk Management profile, the Council continues to identify oversight and monitoring of grant recipients among its top critical risks. However, as noted above, the Grants/IAAs and Compliance team gained additional staff and contractual support. During FY 2024, there was an increase in the number of financial and programmatic reviews. The Council was also able to conduct a review of current post-award financial and programmatic processes, which led to the Programs and Grants/IAAs and Compliance teams coordinating to plan FY 2025 post-award reviews through the utilization of a comprehensive risk analysis. Therefore, these additional personnel will continue to help with oversight and monitoring of the increasing volume of grant recipients and IAAs.

Although the challenges highlighted in this letter are the most significant from my office's perspective, we continue to communicate with the Council's officials 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.

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: Mary Walker, Executive Director