Audit Report

OIG-26-035

FINANCIAL MANAGEMENT

AUDIT OF THE GULF COAST ECOSYSTEM RESTORATION COUNCIL'S COMPLIANCE WITH PIIA OF 2019 FOR FISCAL YEAR 2025

July 24, 2026

Office of Inspector General
Department of the Treasury

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Abbreviations

AFR	Agency Financial Report
ARC	Bureau of the Fiscal Service, Administrative Resource Center
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

July 24, 2026

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 2025.

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)[1], enacted to help Federal agencies improve efforts to identify and reduce Government-wide improper payments, and for other purposes. 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 May 2026 through June 2026. Appendix 1 contains a more detailed description of our objectives, scope, and methodology.

Results in Brief

The Council complied with applicable PIIA requirements for fiscal year 2025. We determined that 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 improper payment (IP) risk assessments for each

[1] Pub. L. No. 116-117, 134 Stat. (March 2, 2020)

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 unknown payments (UPs) above or below the statutory threshold[2]. 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.

Table 1. The Council's Compliance with PIIA Requirements

PIIA Requirements	Comprehensive Plan Component Program	Oil Spill Impact Program
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*
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

[2] The threshold is the total amount of IPs and UPs estimated are either above $10,000,000 and 1.5 percent of the program's total outlays, or $100,000,000 (regardless of the associated percentage of the program's total annual outlays that the estimated IPs and UPs represent).

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.

We also reviewed the Council's PIIA reporting and risk assessment processes to evaluate the accuracy and completeness of its payment integrity reporting. The Council conducted a qualitative risk assessment for all programs and activities with outlays exceeding $10 million at least once every three years, as required by OMB M-21-19, and determined whether the program is likely to have improper payments and unknown payments above the statutory threshold. The Council considered numerous factors when evaluating each program's risk for improper and unknown payments. In addition, the Council appropriately determined that none of its programs or activities are susceptible to significant improper or unknown payments.

We reviewed the Council's recovery activities and recovery audit results and determined that the Council considered all of its programs and activities that expended $1 million or more annually. The Council recovered $60,949.81 in overpayments related to grants through recovery activities, which included overpayments identified in fiscal years 2024 and 2025 that were recovered by the Council in fiscal year 2025. In addition, the Council identified overpayments totaling $899.59 related to travel as a result of its recovery audit. The total overpayment amount was recovered, which resulted in 100% recovery rate.

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.

Background

Payment Integrity Compliance and Reporting Requirements

PIIA, enacted on March 2, 2020, requires agencies to conduct program-specific risk assessments for each program or activity identified by the agency with annual outlays greater than $10 million that may be susceptible to significant improper payments at least once every three years, 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, which is then subsequently published on PaymentAccuracy.gov, and actions taken by the agency to address recovery auditor recommendations to prevent overpayments. OMB Circular A-136 requires agencies to publish its AFR on the agency's public website. It also requires agencies to include a link to PaymentAccuracy.gov in the Payment Integrity Reporting section of its AFR.

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 $10M on a three-year risk assessment cycle. The programs the Council assessed for risks are the Comprehensive Plan Component Program and the Oil Spill Impact Program. The Council performed a qualitative risk assessment using payment data and Risk Assessment Questionnaire provided by its financial service provider, the Bureau of the Fiscal Service, Administrative Resource Center (ARC)[3] to determine the level of risk for each payment type, such as contract payments and grant invoices, purchase card, travel card, claims and vouchers, and employee payroll. This questionnaire considered the eleven risk factors included in OMB M-21-19 in conducting the qualitative risk assessment.

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. In addition, the Council performs monthly reconciliations of grant payments, reviews all grant payments to confirm validity and accuracy of payments made and performs payment recovery of any IPs identified.

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

[3] As of the date of this report, the Bureau of Fiscal Service's Administrative Resource Center (ARC) is now the Center for Financial Management.

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 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.

The Council complied with all applicable PIIA requirements for fiscal year 2025. 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. The Council also published its AFR on its website and included a link to PaymentAccuracy.gov in its AFR. We reviewed the Council's payment integrity information on PaymentAccuracy.gov and noted that the Council provided its payment integrity information during the fiscal year 2025 OMB payment integrity annual data call. We 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.

We also reviewed procedures performed by ARC as part of its responsibilities in assisting the Council in performing its risk assessment and performing the payment recovery audit on behalf of the Council. Specifically, we reviewed the documentation provided by ARC to the Council related to its risk assessment and results of the recovery audit. The Council performed a qualitative risk assessment of its programs utilizing ARC's risk assessment questionnaire that resulted in a low-risk rating for the Council's

overall fund group. ARC's risk assessment questionnaire considered the eleven risk factors included in OMB M-21-19 in conducting a qualitative risk assessment. In addition, the Council did not have any new programs to assess in fiscal year 2025.

The Council's recovery audit was performed by ARC and reviewed and certified by the Council. We reviewed the Council's recovery audit results and determined that the Council considered all of its programs and activities that expended $1 million or more annually. We noted that ARC identified travel overpayments totaling $899.59 which resulted from the overstatement of reimbursable costs on submitted vouchers. GCERC has recovered the overpaid amounts from the travelers and reinforced policies requiring careful review of supporting documentation.

In addition to the recovery audit performed by ARC, the Council performed monthly reviews of grant payments as part of its recovery activities. We reviewed the results of the Council's recovery activities and noted that the Council identified $27,898.59 in disallowed costs for a grant recipient in fiscal year 2025 and two IPs totaling $33,051.22 for the same recipient issued in fiscal year 2024. The Council recovered 100% of overpayments in fiscal year 2025.

For fiscal year 2025, the Council's payments and activity expenditures were $218,459,349 and improper payments totaled $28,798.18. As a result, the Council's improper payment amount did not meet the statutory threshold for significant improper payments and reporting requirements specified in OMB M-21-19[4]. 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.

[4] M-21-19 states the statutory threshold as either (1) both 1.5 percent of program outlays and $10,00,000 of all program payments made during the fiscal year or (2) $100,000,000.

* * * * * *

We appreciate the courtesies and cooperation extended by your staff during the audit. If you wish to discuss the report, you may contact me at (202) 486-1415 or a member of your staff may contact R. Nikki Holbrook, Audit Manager, at (202) 597-1813. Major contributors to this report are listed in appendix 3. A distribution list for this report is provided as appendix 4.

/s/
Shiela Michel
Acting Director, Financial Statement Audits

Appendix 1: Objectives, Scope, and Methodology

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 2025. 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, 2024, through September 30, 2025.

To accomplish our objective, we performed the following activities during audit fieldwork conducted from May 2026 through June 2026:

- 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 with the Council's personnel responsible for the payment integrity reporting.
- We reviewed the fiscal year 2025 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 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;
- report 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 and review process to evaluate their risk assessment methodologies.
- To assess the Council's payment recovery audit program, we reviewed the results of the Council's payment recovery audit and recovery activities, along with the supporting documentation to determine the completeness and accuracy of the information reported and compliance with applicable guidance. We also reviewed the audit results along with the Council's supporting documentation to determine if the Council (1) had internal controls in place to prevent, detect, and recover overpayments; (2) performed payment recovery audits of all non-federal and federal employee payments administered; (3) recaptured all overpayments made; and (4) disposed of recovered funds in accordance with OMB guidance.

We reviewed the risk assessment document and recovery audit documentation received and determined the submissions did not represent a system generated data extract, therefore, it is not subject to a data reliability assessment. We also did not perform

statistical sampling as no detailed transaction testing was required for the fiscal year 2025 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 payment integrity 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix 2: Management Response

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

July 16, 2026

Ms. Shiela Michel
Acting 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 of 2019 for Fiscal Year 2025

Thank you for the opportunity to review the draft Audit of the Gulf Coast Ecosystem Restoration Council's Compliance with PIIA of 2019 for Fiscal Year 2025. The Council concurs with the OIG's assessment that the Council 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: 2026.07.16 14:12:42 -05'00'

Mary S. Walker
Executive Director

Appendix 3: Major Contributors to This Report

R. Nikki Holbrook, Audit Manager
Adam Bradley, Auditor-In-Charge
Steven Bitz, Auditor
Charlene Dorsey, Auditor
Rachel Jordan, Auditor
Lawrence Delva-Gonzalez, Referencer

Appendix 4: Report Distribution

Gulf Coast Ecosystem Restoration Council

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Executive Director
Chief Financial Officer

Department of the Treasury

Secretary
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
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