



Audit Report



OIG-18-027

FINANCIAL MANAGEMENT

Management Letter for the Audit of the Gulf Coast Ecosystem Restoration Council's Fiscal Years 2017 and 2016 Financial Statements

December 12, 2017

Office of Inspector General
Department of the Treasury

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OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

December 12, 2017

**MEMORANDUM FOR BEN SCAGGS, ACTING EXECUTIVE DIRECTOR
GULF COAST ECOSYSTEM RESTORATION COUNCIL**

FROM: James Hodge /s/
Director, Financial Audit

SUBJECT: Management Letter for the Audit of the Gulf Coast
Ecosystem Restoration Council's Fiscal Years 2017 and
2016 Financial Statements

I am pleased to transmit the attached subject management letter. Under a contract monitored by our office, RMA Associates, LLC (RMA), an independent certified public accounting firm, audited the financial statements of the Gulf Coast Ecosystem Restoration Council as of September 30, 2017 and 2016, and for the years then ended. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget (OMB) Bulletin No. 17-03, *Audit Requirements for Federal Financial Statements*.

As part of its audit, RMA issued the attached management letter dated November 14, 2017, that discusses a matter involving internal control over financial reporting and other operational matters that was identified during the audit, but was not required to be included in the auditors' report.

In connection with the contract, we reviewed RMA's management letter and related documentation and inquired of its representatives. RMA is responsible for the letter and the conclusions expressed in the letter. However, our review disclosed no instances where RMA did not comply, in all material respects, with U.S. generally accepted government auditing standards with respect to this management letter.

Should you have any questions, please contact me at (202) 927-0009 or Mark S. Levitt, Manager, Financial Audit, at (202) 927-5076.

Attachment

MANAGEMENT LETTER

November 14, 2017

Inspector General
Department of the Treasury

We have audited the financial statements of the Gulf Coast Ecosystem Restoration Council (the Council) as of and for the year ended September 30, 2017, and have issued our reports thereon dated November 14, 2017. In planning and performing our audit of the Council's financial statements, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Bulletin No. 17-03, *Audit Requirements for Federal Financial Statements*; we considered the Council's internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. During our audit, we noted one matter involving deficiencies in internal controls and other operational matters that is presented in Exhibit A for your consideration. The comment has been discussed with the appropriate members of management and is intended to improve the Council's internal control or result in other operating efficiencies.

Management's response to our comments has not been subjected to the auditing procedures applied in the audit of the Council's financial statements and, accordingly, we express no opinion on it.

We appreciate the courteous and professional assistance that the Council personnel extended to us during our audits. We would be pleased to discuss these comments with you at any time.

This report is intended solely for the information and use of the Gulf Coast Ecosystem Restoration Council and its Inspector General and is not intended to be and should not be used by anyone other than these specific parties.

RMA Associates

Exhibit A

Information Technology

Council's Information Security Program and Practices Were Formalized and Documented, But Not Consistently Applied

The Council's information system infrastructure consists of an office network and several system service providers. The system service providers support the Council's major applications:

1. For payroll processing, the Council uses webTA hosted by the National Finance Center.
2. For financial management and reporting processing, the Council uses the Department of the Treasury's Administrative Resource Center.
3. For grants processing, the Council uses the Restoration Assistance and Awards Management System hosted by U.S. Geological Survey.
4. For website support, the Council uses U.S. Geological Survey hosting services.

The position of the Chief Information Officer (CIO) was vacant for 5.5 months of the fiscal year and was subsequently filled during October, 2017. While the position was vacant, the Council hired outside contractors for IT support functions, such as helpdesk support. However, many of the control activities that support the implementation of the policies and procedures did not occur in sufficient cycles to determine whether the controls were consistently implemented, managed and measurable, or optimized. As a result, the Council was unable to sufficiently implement and assess their agency-wide information security program.

The National Institute of Standards and Technology (NIST), sets minimum standards for Federal information systems. NIST Special Publication (SP) 800-53, *Security and Privacy Controls for Federal Information Systems and Organizations*, Revision 4, requires that the organization develops, disseminates, and reviews/updates formal, documented security policies and procedures, trains personnel, and monitors the compliance with its security policies and procedures. The SP also has a program management control, which requires that the organization appoints a senior information security officer with the mission and resources to coordinate, develop, implement, and maintain an organization-wide information security program.

By not adhering to NIST requirements, the Council had an increased risk to the confidentiality, integrity, and availability of the Council's data, applications, and networks. Without a CIO, there was a lack of expertise to monitor security risks and to change security controls to mitigate new rising threats.

Conclusion:

The Council has taken the necessary steps to remediate the condition by filling the CIO position to develop and maintain information security policies, procedures, and control techniques to address system security planning; and manage the identification, implementation, and assessment of common security controls. We, however, encourage the Council to continue its efforts to consistently implement, manage and measure the effectiveness or efficiency of the information security program and the security controls employed in support of the program.

Management Response:

[See following page]



Gulf Coast Ecosystem Restoration Council

November 28, 2017

Eric M. Thorson
Inspector General, U.S. Department of the Treasury
Washington, DC 20022
Re: Response to the 2017 Management Letter

Dear Inspector General Thorson,

Management concurs with the deficiency noted below, and has taken appropriate actions to remediate the finding.

Council's Information Security Program and Practices Were Formalized and Documented but Not Consistently Applied

Management Response:

The Council concurs with the finding that the Council's information security program and practices were formalized and documented but not consistently implemented for the period July 1, 2016 through June 30, 2017. The lack of a consistent application of documented practices is attributable to the five and half month vacancy of our Chief Information Officer position. As the report states, the Council has already taken corrective action to correct the deficiency. Filling the CIO position will enable the Council to consistently implement, manage and measure its IT security program at an optimized level. This effort will in turn properly support projects and programs to achieve the goals and objectives of the RESTORE Act for restoration in the Gulf Coast region.

Sincerely,

Ben Scaggs
Acting Executive Director
Gulf Coast Ecosystem Restoration Council



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