



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

November 20, 2025

The Honorable David Fotouhi
Deputy Administrator, Environmental Protection Agency
Chairperson, Gulf Coast Ecosystem Restoration Council
1200 Pennsylvania Ave, NW
Washington, D.C. 20004

Re: 2026 Management and Performance Challenges (OIG-CA-26-001)

Dear Chairperson Fotouhi:

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 Entering Fiscal Year (FY) 2026, 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)

Despite existing challenges, we commend the Council for the positive independent evaluation³ of its information security program and practices under the Federal Information Security Modernization Act of 2014 (FISMA).⁴

¹ P.L. 106-531, Reports Consolidation Act of 2000 (November 22, 2000)

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

³ Department of the Treasury Office of Inspector General (Treasury OIG), *The Gulf Coast Ecosystem Restoration Council Federal Information Security Modernization Act of 2014 Evaluation Report for Fiscal Year 2025*, OIG-CA-25-053 (August 1, 2025)

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

For FY 2025, the Office of Management and Budget (OMB) identified for evaluation 20 core and 5 supplemental Inspector General FISMA Reporting Metrics, as outlined in the OMB's *FY 2025 Inspector General FISMA Reporting Metrics, Version 2.0*, dated April 3, 2025.⁵ These metrics aligned with function areas in *The National Institute of Standards and Technology Framework 2.0*: govern, identify, protect, detect, respond, and recover. The Council's information security program and practices were assessed as effective for the period April 1, 2024, through March 31, 2025. Additionally, for FY 2024, the Council received an unmodified opinion (also referred to as a "clean opinion") on its financial statements.⁶

We also commend the Council for its efforts to recruit and retain a highly skilled workforce. During FY 2025, there were no vacancies in leadership positions and only two staff vacancies. However, under its *Agency Reduction-in-Force and Reorganization Plan* (ARRP), the Council plans to eliminate one leadership and one staff position. The Council anticipates filling the remaining staff vacancy during FY 2026.

Furthermore, we commend the Council for its continued 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.

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

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

The Council is anticipating the retirement of its Deputy Executive Director at the end of calendar year 2025. The position is expected to be eliminated as part of a reorganization, leaving the Council with one remaining Senior Executive Service position. As part of the reorganization, the Deputy Executive Director's duties and responsibilities are expected to be reassigned amongst the existing leadership team and staff. 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.

As previously discussed, the Council has two staff vacancies in the Program team⁹ that have remained unfilled due to the government-wide hiring freeze;¹⁰ with one position expected to be eliminated as part of the Council's ARRP. The Council anticipates filling the remaining vacancy during FY 2026, once the hiring freeze is lifted. Any turnover significantly impacts staff workload and institutional knowledge; however, the Program team is smaller than both the Grants/Interagency Agreements (IAAs) and Compliance teams and has less contractual support. Therefore, it is

⁵ OMB, the 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 2024 and 2023*, OIG-25-008 (November 14, 2024)

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.

⁹ Two teams are primarily responsible for overseeing the administration of grants - the Programs team and the Grants/Interagency Agreements (IAAs) and Compliance team.

¹⁰ The federal civilian hiring freeze began on January 20, 2025.

critical for the Council to quickly fill the remaining vacancy to aid in balancing staff workload, increasing the likelihood of current staff retention.

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 a previous Management and Performance Challenges letter,¹¹ the Council created a succession plan to ensure leadership continuity by building a leadership pipeline and talent pool. On June 13, 2025, the Council published an update to its Succession Plan. Also, during FY 2025, a draft reorganization chart was prepared for the Council's Steering Committee to review. The proposed organization chart, which restructures the organization, has been approved by the Steering Committee as part of the Council's FY 2026 budget process.

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 have an impact on the Council's longstanding challenges related to Federal Statutory and Regulatory Compliance (Challenge 2) and Grant and IAA Compliance Monitoring (Challenge 3). While there continue 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 compliance with applicable laws and regulations as a federal entity. The Council implemented major technological changes to carry out its grant administration and monitoring activities using GrantSolutions. As a small organization, the Council faces ongoing challenges with cost fluctuations posed by GrantSolutions. Between FY 2024 and FY 2025, costs increased by almost 8.5 percent; however, in FY 2026, GrantSolutions agreed to reduce the cost of services by 26 percent. 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 customizable. As a result, the Council continues to track certain information manually on electronic spreadsheets, which serve as resource tools. Given these constraints, the risk of errors as well as incomplete and inaccurate information may increase due to using multiple mechanisms to track and report data as the number of grant awards increase.

While no major GrantSolutions features were implemented during FY 2025, the Council informed us that GrantSolutions implemented a minor functionality change to the Grant Notes¹² feature across all partner agencies. Functionality of GrantSolutions and PIPER is critical to the Council's continued compliance with FISMA, and future improper

¹¹ Treasury OIG, *2021 Management and Performance Challenges*, OIG-CA-21-002 (October 7, 2020)

¹² Grant Notes are used to add correspondence comments and to attach necessary documents to a grant record in the GrantSolutions Grants Management Module. Notes are saved with the grant record for historical and tracking purposes.

payment reporting required by the Payment Integrity Information Act of 2019 (PIIA).¹³

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).¹⁴ Additionally, in April 2024, OMB revised the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*¹⁵ to aid federal agencies in administering and managing all federal awards issued on or after October 1, 2024.¹⁶ Accordingly, agencies should ensure that federal award terms and conditions, notices of funding opportunities, 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 workload 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* (July 14, 2025), 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.

¹³ P.L. 116-117, Payment Integrity Information Act of 2019 (March 2, 2020)

¹⁴ P.L. 116-103, Grant Reporting Efficiency and Agreements Transparency Act of 2019 (December 30, 2019)

¹⁵ 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Updated April 22, 2024)

¹⁶ OMB M-24-11, "Reducing Burden in the Administration of Federal Financial Assistance" (April 4, 2024)

My office conducted an audit of the Council's compliance with payment integrity reporting requirements for FY 2024 and found that the Council published its payment integrity information with its annual financial statement on the agency's website.¹⁷ The 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.¹⁸

During our FY 2024 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, 2023.¹⁹ On July 14, 2025, the Department of Health and Human Services finalized data standards covering the federal assistance listings.²⁰ These standards were developed by the Department of Health and Human Services as the GREAT Act standard-setting agency in collaboration with the Council on Federal Financial Assistance interagency Data Standards Working Group. These finalized data standards incorporated substantial comments from grant-making agencies and were approved by OMB. Implementation guidance from OMB is expected to be forthcoming. The Council informed us that they remain committed to working with GrantSolutions to ensure all necessary processes are compliant once the implementation guidance has been issued.

While the Council met its federal statutory and regulatory compliance requirements in FY 2025, 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 scientific programmatic data have been maintained. This is critical given the demand for federal agencies and entities to make their data as accurate and transparent as possible.

¹⁷ Treasury OIG, *Audit of the Gulf Coast Ecosystem Restoration Council's Compliance with PIIA of 2019 for Fiscal Year 2024*, OIG-25-026 (May 23, 2025)

¹⁸ 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.

¹⁹ 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.

²⁰ Assistance listings are detailed public descriptions of federal programs that provide grants, loans, scholarships, insurance, and other types of assistance awards.

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 2025, Council staff completed 8 financial desk reviews, and 6 on-site/virtual visits related to programmatic reviews. Furthermore, 6 financial desk reviews are in process; 2 additional financial desk reviews and 3 additional programmatic reviews were planned for FY 2025 but were postponed due to a lack of activity on the awards. Overall, the Council reviewed awards made to 6 of 7 state recipients and IAAs made to 3 of 6 federal agencies.

Since last year, awards have increased from 170 to 192 grants and completed closeout of 41 awards. As of June 11, 2025, grants and IAAs are valued at approximately \$1.2 billion under the Council-Selected Restoration Component (\$485 million) and the Spill Impact Component (\$734 million) combined. Furthermore, approved State Expenditure Plans under the Spill Impact Component include projects exceeding \$1.23 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 the importance of grant oversight and that this will remain an agency priority 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. During FY 2025, the Council continued to conduct several financial and programmatic reviews of recipients like the prior FY. 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.

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/

Loren J. Sciurba
Deputy Inspector General
Department of the Treasury

cc: Mary Walker, Executive Director