



June 9, 2021

MEMORANDUM FOR: Benjamin Friedman
Deputy Under Secretary for Operations
Performing the duties of the Under Secretary of Commerce for
Oceans and Atmosphere and NOAA Administrator
National Oceanic and Atmospheric Administration

FROM: Frederick J. Meny, Jr.
Assistant Inspector General for Audit and Evaluation

SUBJECT: *NOAA Fisheries Implemented the Requirements for Awarding Funds
Under the CARES Act but Faces Challenges with the Pace of Funds
Disbursement to Fishery Participants*
Final Report No. OIG-21-028-1

This memorandum provides the results of our evaluation of the National Oceanic and Atmospheric Administration's (NOAA's) National Marine Fisheries Service (NMFS, also known as NOAA Fisheries) plan for the implementation of Coronavirus Aid, Relief, and Economic Security Act (CARES Act)¹ funding. Our objective was to determine whether NOAA complied with the requirements of the CARES Act. Specifically, we determined (1) what steps NOAA took in implementing the requirements for awarding funds, (2) challenges NOAA faced during implementation, and (3) NOAA's current status in processing applications and award funds under the CARES Act.

Introduction

On March 27, 2020, the President signed into law the CARES Act to respond to the coronavirus disease 2019 (COVID-19) outbreak and its impact on the economy, public health, state and local governments, individuals, and businesses. The CARES Act, Section 12005, appropriated NOAA \$300 million² to assist fishery participants³ affected by the COVID-19 pandemic with the funds remaining available until September 30, 2021. This memorandum represents the second product in a series of evaluations regarding our office's review of pandemic oversight funds.

¹ Pub. L. No. 116-136, 134 Stat. 281; 15 U.S.C. § 9001 note.

² Up to 2 percent of the \$300 million may be used for administration and oversight activities. See 15 U.S.C. § 1512 note.

³ Fishery participants eligible for CARES Act funding include Tribes, persons, fishing communities, qualified aquaculture operations, processors, and other fishery-related businesses.

NOAA Fisheries is responsible for the stewardship of the nation’s ocean resources and habitat, and works to recover protected marine species while allowing economic and recreational opportunities. In response to COVID-19, NOAA Fisheries intends to rely on its partners⁴ during the funds award process since they have a demonstrated track record of disbursing funds quickly and effectively.

Findings

As part of our mandatory oversight responsibilities, we evaluated NOAA Fisheries’ implementation of the CARES Act. We found that NOAA Fisheries followed the requirements for implementing the CARES Act. NOAA Fisheries has put in place measures to mitigate challenges resulting from the review and approval process during COVID-19, and is on track to obligate all CARES Act funds before September 30, 2021. However, NOAA Fisheries still faces challenges with the pace at which funds are being disbursed to fishery participants.

See appendix A for further details on the objective, scope, and methodology of our evaluation.

I. NOAA Fisheries Took Proactive Steps to Implement the CARES Act

We found that NOAA Fisheries proactively took steps to implement the CARES Act to assist communities negatively impacted by COVID-19. To expedite the grant award process, NOAA Fisheries invited the Atlantic States Marine Fisheries Commission, Gulf States Marine Fisheries Commission, Pacific States Marine Fisheries Commission,⁵ and the government offices for the territories of Puerto Rico (PR) and the U.S. Virgin Islands (USVI) to apply non-competitively for the fisheries CARES Act funding. NOAA Fisheries also provided training and an overview of the mandatory requirements to these partners regarding the award application process. To further assist applicants, NOAA Fisheries communicated consistently via email, phone calls, and webinars regarding the CARES Act funding process to address concerns and questions. From June 30, 2020, through November 13, 2020, NOAA Fisheries awarded approximately \$298 million out of the \$300 million in allocated CARES Acts funds to its fishery partners.

II. NOAA Fisheries Made Efforts to Mitigate Challenges Related to Timely Reviewing and Approving Spend Plans

As part of NOAA Fisheries’ spend plan review process (see appendix B for details), the three commissions, PR, and the USVI prepare and submit their award applications for the non-competitive CARES Act grants to NOAA Fisheries. The commissions then submit the spend plans that are developed by the states, Tribes, and territories in their regions to NOAA Fisheries and NOAA’s Acquisition and Grants Office—Grants Management Division (AGO—GMD) for review and final approval. The territories of PR and the USVI submit their spend plans directly to NOAA Fisheries since they are not part of an interstate marine

⁴ NOAA Fisheries’ partners are the Atlantic States Marine Fisheries Commission, the Pacific States Marine Fisheries Commission, the Gulf States Marine Fisheries Commission, Puerto Rico, and the U.S. Virgin Islands.

⁵ The Pacific States Marine Fisheries Commission received two Request for Applications letters and two awards, one for their states and territories and one for their West Coast Tribes.

fisheries commission. Each spend plan includes detail on how the states, Tribes, and territories verify the eligibility of fishery participants to receive the CARES Act funds and the guidelines for disbursing funds.

The timeframe for NOAA Fisheries’ review and approval of spend plans varies significantly based on the quality of the spend plans submitted and the response time from the applicants. During our interviews, NOAA Fisheries stated the staff has to ensure the spend plans are in compliance with the CARES Act and the overall process can take anywhere from 2 weeks to 3 months.

To help mitigate some of the challenges of timely reviewing the spend plans, NOAA Fisheries expedited the review process by giving priority to CARES Act spend plans, created a dedicated CARES Act team, borrowed staff from other teams, and coordinated with its grants division to assist with reviews and approvals of spend plans. Also, to aide in ensuring that spend plans were properly prepared, NOAA Fisheries provided training to states, Tribes, and territories on the requirements for the spend plans and had staff readily available to answer questions.

III. NOAA Fisheries Has Obligated All CARES Act Funds to Fishery Partners, However Disbursements to Fishery Participants Are Slow

Section 12005 of the CARES Act authorizes the Secretary of Commerce to provide \$300 million in appropriated funds to assist fishery participants affected by COVID-19, with the funds to remain available until September 30, 2021. NOAA Fisheries awarded all six grants under the CARES Act to its partners between June 30, 2020, and November 13, 2020, totaling \$297,901,800 (see table 1). Approximately \$2 million was allocated for NOAA’s administrative costs and Hollings Program.

Table 1. NOAA’s Allocation for CARES Act Funds

Grantee	Award Date	Award Amount
Atlantic States Marine Fisheries Commission	6/30/2020	\$118,983,017
Pacific States Marine Fisheries Commission (States & Territories)	7/1/2020	143,215,349
Gulf States Marine Fisheries Commission	7/2/2020	28,655,574
Puerto Rico Department of Agriculture	7/14/2020	993,006
Pacific States Marine Fisheries Commission (West Coast Tribes)	9/1/2020	5,061,849
U.S. Virgin Islands	11/13/2020	993,005
NOAA Administrative Fee		1,798,200
Hollings Program		300,000
	Total	\$300,000,000

Source: OIG analysis of NOAA award data

NOAA Fisheries has approved 59 spend plans and 1 pending review. Once the spend plans have been approved, the states, Tribes, and territories announce an open period for fishery participants to submit their applications. The states, Tribes, and territories then perform their internal reviews to determine whether participants meet the eligibility criteria prior to determining the direct payment amount. Once approved, the respective commissions disburse funds directly to fishery participants on behalf of the states, Tribes, or territories (some states and Tribes may disburse directly to participants). PR and USVI disburse funds directly to fishery participants as they are not part of an interstate marine fisheries commission.

As of May 31, 2021, approximately \$154 million (52 percent) of the obligated funds have been disbursed to affected fishery participants (see table 2). NOAA Fisheries anticipates a majority of the remaining 48 percent of CARES Act funds will be disbursed to fishery participants by September 30, 2021.

Table 2. Disbursement of NOAA’s CARES Act Funds to Fishery Participants

Commission	State	Funds Disbursed
Atlantic States Marine Fisheries Commission	Maine	\$17,129,414
	New Hampshire	2,660,468
	Massachusetts	27,721,186
	Rhode Island	3,167,923
	Connecticut	1,820,764
	New York	6,398,400
	New Jersey	10,824,619
	Maryland	2,999,803
	Virginia	4,482,898
	North Carolina	5,255,486
	South Carolina	1,483,182
	Georgia	1,525,396
Florida	17,250,528	
Pacific States Marine Fisheries Commission States & Territories	Alaska-Tribe	869,526
	California	18,041,727
	Oregon	15,768,349
	Washington	2,890,754
	Hawaii	4,278,881
	Guam	175,774
Pacific States Marine Fisheries Commission West Coast Tribes	West Coast Tribes	1,844,334
Gulf States Marine Fisheries Commission	Louisiana	3,007,530
	Mississippi	1,414,685
	Alabama	3,254,064
Total		\$154,265,690

Source: OIG analysis of disbursement data provided by NOAA

While NOAA Fisheries has until September 30, 2021, to disburse all funds, the pace of disbursement is not consistent with the Office of Management and Budget's (OMB's) guidance,⁶ which emphasizes the importance of agencies distributing CARES Act funds in an expedited manner. NOAA Fisheries attributes the slow disbursement in part to the pace of which fishery participants are submitting adequate applications to the fishery partners for approval. The disbursement of direct payments by PR has been delayed due to administrative turnover which caused a large personnel change of grant associates. As a result, new employees had to be hired, trained, and certified to use the automated enrollment system. Additionally, the spend plan for USVI had not been submitted to NOAA Fisheries until April 23, 2021, due to an internal USVI delay in the disbursement of administrative costs used for functions, such as performing economic analyses, that are required to develop the spend plan.

In January 2021, the U.S. Government Accountability Office (GAO) released the report *COVID-19: Critical Vaccine Distribution, Supply Chain, Program Integrity, and Other Challenges Require Focused Federal Attention*,⁷ which also addresses NOAA Fisheries' inconsistency with distributing the CARES Act funds in an expedient manner as outlined in OMB's guidance. GAO recommended NOAA Fisheries develop a mechanism to track the progress of states, Tribes, and territories in meeting timelines established in spend plans to disburse funds in an expedited and efficient manner.⁸ During our discussions with NOAA Fisheries, staff and management stated they initially were not tracking progress, but have started requesting periodic reports from grantees in order to track the progress of the disbursement of funds by the states, Tribes, and territories. NOAA Fisheries finalized their funds disbursement tracking method in May 2021.

According to NOAA, if states, Tribes, or territories do not disburse funds prior to September 30, 2021, due to circumstances affecting that state, Tribe, or territory, the funds may be distributed after the date. NOAA also states it will work with the delayed state, Tribe, or territory to expedite the distribution of funds.

We are not requesting a formal response to this evaluation, as the findings discussed in it were briefed to cognizant Departmental officials in advance of issuance. This evaluation will be posted to our public website. As a follow-up to this evaluation, we plan to initiate more in-depth work related to the CARES Act and other pandemic relief funds appropriated to NOAA Fisheries to provide assistance to fishery participants affected by COVID-19.

⁶ See Office of Management and Budget, April 10, 2020. *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*, OMB M-20-21. Washington DC: OMB. Available at <https://smartpay.gsa.gov/sites/default/files/Implementation-Guidance-for-Supplemental-Funding-Provided-in-Response.pdf> (accessed June 7, 2021).

⁷ See U.S. Government Accountability Office, January 2021. *COVID-19: Critical Vaccine Distribution, Supply Chain, Program Integrity, and Other Challenges Require Focused Federal Attention*, GAO-21-265. Washington DC: GAO. Available at <https://files.gao.gov/reports/GAO-21-265/index.html> (accessed April 1, 2021).

⁸ *Ibid*, p. 6.

If you have any questions or concerns about this evaluation, please contact me at (202) 482-1931 or Monica Adamo, Director for Acquisition and Grants, at (202) 482-5185.

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Appendix A. Objective, Scope, and Methodology

Our objective was to determine whether NOAA complied with the requirements of the CARES Act. Specifically, we determined (1) what steps NOAA took in implementing the requirements for awarding funds, (2) challenges NOAA faced during implementation, and (3) NOAA's current status in processing applications and award funds under the CARES Act.

To accomplish the objective, we did the following:

- Reviewed relevant law, policies, and guidance, including:
 - Coronavirus Aid, Relief, and Economic Security Act, Public Law 116-136, March 27, 2020;
 - *U.S. Department of Commerce CARES Act Implementation Plan*, June 2020;
 - *Department of Commerce Grants and Cooperative Agreements Manual*, (October 24, 2016), Interim Change 1, January 25, 2018;
 - OMB Memo M-20-21, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*, April 10, 2020; and
 - procedures and memorandums pertaining to the administration and oversight of awarding grants under the CARES Act.
- Conducted interviews with NOAA Fisheries officials, including the Chief of the Fisheries Grants Division, Director of Office of Sustainable Fisheries, and CARES Act Federal Program Officer; NOAA's Acquisition and Grants Office officials; Atlantic States Marine Fisheries Commission's Executive Director and Director of Finance and Administration, Gulf States Marine Fisheries Commission's Executive Director and Senior Accountant, Pacific States Marine Fisheries Commission's Executive Director and Fiscal Manager, Puerto Rico and the U.S. Virgin Islands representatives to gain an understanding of how NOAA Fisheries grants are administered in regard to CARES Act funding, as well as challenges NOAA Fisheries has faced during implementation and steps taken to mitigate challenges.
- Reviewed grant award documents, award applications with program and budget narratives, spend plans submitted by the states, Tribes, and territories; and data containing disbursement information to determine where NOAA Fisheries was in its process for awarding the CARES Act funds.
- Obtained a universe of grants awarded by NOAA from May 7, 2020, to December 31, 2020. NOAA awarded all six grants under the CARES Act between June 30, 2020, and November 13, 2020, totaling \$297,901,800. We used the award data to verify whether NOAA complied with the CARES Act and *U.S. Department of Commerce CARES Act Implementation Plan*.

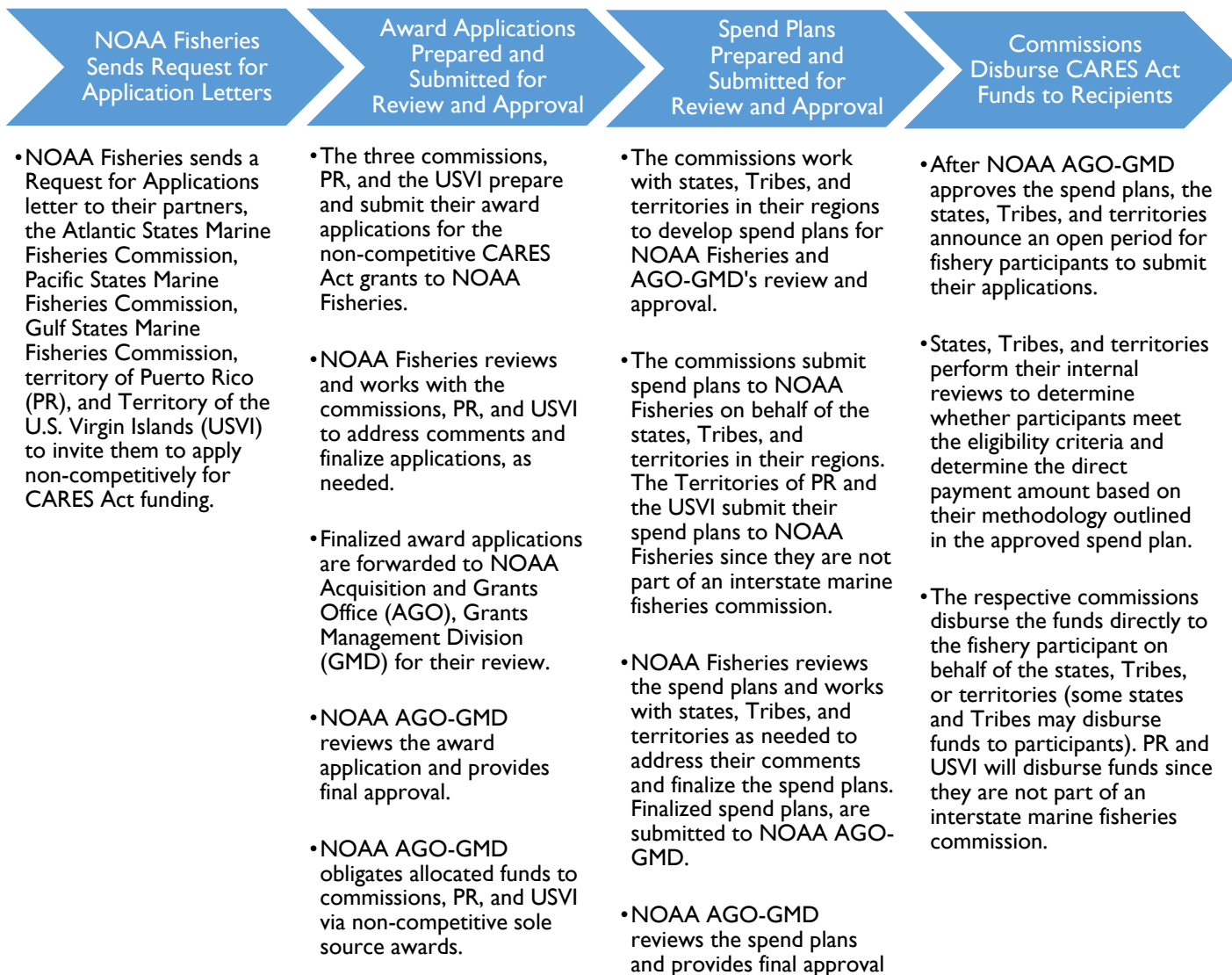
For this evaluation, we did not analyze NOAA Fisheries internal controls. We assessed the reliability of computer-generated data by interviewing NOAA Fisheries and NOAA's

Acquisition and Grants Office officials and reviewing documentation in NOAA's Grants Online database. We determined that the data was sufficiently reliable for the purposes of this report.

We conducted our fieldwork from September 2020 through April 2021 under the authority of the Inspector General Act of 1978, as amended (5 U.S.C. App.), and Department Organization Order 10-13, dated April 26, 2013, and October 21, 2020. We performed our fieldwork at Silver Spring, Maryland; Atlanta; and Denver.

The review was conducted in accordance with the *Quality Standards for Inspection and Evaluation* (January 2012) issued by the Council of the Inspectors General on Integrity and Efficiency. Those standards require that the work be adequately planned and that evidence supporting findings and conclusions be sufficient, competent, and relevant and should lead a reasonable person to sustain the findings and conclusions. We believe that our work and the evidence obtained meet those standards.

Appendix B. NOAA Fisheries' Funds Award and Spend Plan Review Process



Source: OIG

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