



# Audit Report



OIG-24-006

## FINANCIAL MANAGEMENT

**Audit of the Gulf Coast Ecosystem Restoration Council's  
Financial Statements for Fiscal Years 2023 and 2022**

November 14, 2023

Office of Inspector General  
Department of the Treasury

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**Transmittal Letter to the Chairperson**

**Section I – Independent Auditors’ Report**

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Agency Financial Report Fiscal Year 2023**

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OFFICE OF  
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY  
WASHINGTON, D. C. 20220

November 14, 2023

The Honorable Michael Regan  
Administrator, Environmental Protection Agency  
Chairperson, Gulf Coast Ecosystem Restoration Council  
1200 Pennsylvania Ave, NW  
Washington, DC 20460-0003

Dear Chairperson Regan:

Under a contract monitored by our office, RMA Associates, LLC (RMA), a certified independent public accounting firm, audited the financial statements of the Gulf Coast Ecosystem Restoration Council (Council) as of September 30, 2023 and 2022, and for the years then ended. The contract required that the audit be performed in accordance with government auditing standards and Office of Management and Budget (OMB) Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*.

The audit of the Gulf Coast Ecosystem Restoration Council's financial statements is required by the Chief Financial Officer's Act, as amended by the Accountability of Tax Dollars Act of 2002. This audit was performed as part of our authority under Section 1608 of the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012.

In its audit of the Council, RMA found:

- the financial statements were fairly presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America;
- no deficiencies in internal control over financial reporting that are considered material weaknesses; and
- no instances of reportable noncompliance with laws, regulations, contracts, and grant agreements tested.

In connection with the contract, we reviewed RMA's reports and related documentation and inquired of its representatives. Our review, as differentiated from an audit performed in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express an opinion on the Council's financial statements or conclusions about the effectiveness of internal control or compliance with laws and regulations. RMA is responsible for the attached auditors' report dated November 14, 2023, and the conclusions expressed in the report. However, our review disclosed no instances where RMA did not comply, in all material respects, with U.S. generally accepted government auditing standards and OMB Bulletin No. 24-01.

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I appreciate the courtesy and cooperation extended to RMA and my staff during the audit. If you wish to discuss this report, please contact me at (202) 528-8997, or a member of your staff may contact Deborah Harker, Assistant Inspector General for Audit, at (202) 486-1420.

Sincerely,

/s/

Richard K. Delmar  
Deputy Inspector General, Department of the Treasury

Enclosure

cc: Mary Walker, Executive Director

**SECTION I**

**Independent Auditors' Report**

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## Independent Auditor's Report

Deputy Inspector General  
Department of the Treasury

Administrator, U.S. Environmental Protection Agency and  
Chairperson, Gulf Coast Ecosystem Restoration Council

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Gulf Coast Ecosystem Restoration Council (Council), which comprise the balance sheets as of September 30, 2023, and 2022, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as of September 30, 2023, and 2022, and its net costs, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards), and the Office of Management and Budget (OMB) Bulletin No. 24-01, *Audit Requirements for the Federal Financial Statements*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-01 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-01 we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Management is responsible for the other information included in the Agency Financial Report. The *Message from the Executive Director* and the *Other Information* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing 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. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-01.

### **Other Reporting Required by Government Auditing Standards**

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or compliance. This section is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RMA Associates*

Arlington, VA  
November 14, 2023

**SECTION II**  
**Gulf Coast Ecosystem Restoration Council**  
**Agency Financial Report**  
**Fiscal Year 2023**

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# Agency Financial Report Fiscal Year 2023





**GULF COAST ECOSYSTEM RESTORATION COUNCIL**  
**AGENCY FINANCIAL REPORT**  
**FISCAL YEAR 2023**



# **GULF COAST ECOSYSTEM RESTORATION COUNCIL**

## **AGENCY FINANCIAL REPORT**

### **FISCAL YEAR 2023**

*This Agency Financial Report for fiscal year 2023 provides the financial and performance information for the Gulf Coast Ecosystem Restoration Council (RESTORE Council or Council), enabling the President, Congress, and the American people to assess the RESTORE Council's performance as provided by the requirements of the:*

- ◆ *Payment Integrity Information Act of 2019 (PIIA)*
- ◆ *Accountability of Tax Dollars Act (ATDA) of 2002;*
- ◆ *Reports Consolidation Act of 2000;*
- ◆ *Government Management Reform Act of 1994;*
- ◆ *Government Performance and Results Act (GPRA) of 1993 as amended by the Government Performance and Results Act Modernization Act (GPRAMA) of 2010;*
- ◆ *Chief Financial Officers (CFO) Act of 1990;*
- ◆ *Federal Managers' Financial Integrity Act (FMFIA) of 1982;*
- ◆ *Digital Accountability and Transparency Act of 2014 (DATA Act); and*
- ◆ *Grant Reporting Efficiency and Agreements Transparency Act of 2019 (GREAT Act).*

*This report is available on the internet at <https://www.restorethegulf.gov/reports/performance-and-accountability-reports>.*

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Gulf Coast Ecosystem Restoration Council  
New Orleans, LA 70130

**MESSAGE FROM THE EXECUTIVE DIRECTOR**

**November 15, 2023**

I am pleased to submit the Agency Financial Report (AFR) for the Gulf Coast Ecosystem Restoration Council (Council) for fiscal year 2023 (FY 2023). The AFR provides an assessment of the Council's financial management and program performance and outlines the Council's accomplishments in implementing the *Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012* (RESTORE Act).

The RESTORE Act dedicated 80% of all Clean Water Act (CWA) administrative and civil penalties arising from the *Deepwater Horizon* (DWH) oil spill to the Gulf Coast Restoration Trust Fund (Trust Fund) and established the Council as an independent entity within the Federal government. The Council was formally established in 2012 with the mission of implementing a long-term, comprehensive plan for the ecological and economic recovery of the Gulf Coast region. The Council, consisting of the five Gulf Coast states directly impacted by the DWH oil spill as well as six Federal agencies, is committed to working with Gulf communities and partners to invest in actions, projects, and programs that will ensure the long-term environmental health and economic prosperity of the Gulf Coast region. The Council approves projects and programs for funding under the Council-Selected Restoration Component of the RESTORE Act as set forth in Funded Priorities Lists (FPLs), as well as projects and programs under the Spill Impact Component of the RESTORE Act as set forth in State Expenditure Plans. The Council develops FPLs through collaboration among its members and with feedback from stakeholders across the Gulf; State Expenditure Plans are developed by individual Council state members. In FY 2023, the Council awarded more than \$252.83M through the completion of 96 grant actions, including 16 new awards and 26 monetary amendments, 42 non-monetary awards to carry out projects and programs under the RESTORE Act, as well as 12 award closeouts. These awards now bring the total amount awarded by the Council to \$919.55M: \$308.13M under the Council-Selected Restoration Component, and \$611.42 M under the Spill Impact Component.

The [2022 Comprehensive Plan Update: Restoring the Gulf Coast's Ecosystem and Economy](#) (Comprehensive Plan Update) provided a review of the effectiveness of the 2017 Comprehensive Plan Commitment and Planning Support (CPS) FPL, concluding that the use of a small portion (\$20.8M) of the \$1.3B Council-Selected Restoration Component funds to advance its Comprehensive Plan commitments has successfully met the intended purpose. The Comprehensive Plan Update also provided a summary of highlights of the collaborative activities. Based on this analysis and continuing member need, in FY 2023 the Council proposed extending the CPS FPL for an additional five-year period (through 2029) which would allow Council members to apply for up to \$350,000 per year in additional funding. The Council sought public comment on the draft amendment to the 2017 CPS FPL for a 30-day public comment period beginning on July 20, 2023, and concluding at 11:59 p.m. (CST) on August 19, 2023. A total of five comments were received. As part of the proposed amendment, the Council is proposing to update its reporting requirements for members from semi-annual to annual financial and progress summaries.

The Council also worked diligently during FY 2023 to improve its grants management processes through the evaluation of strategies that reduce the time it takes to review and make financial awards while maintaining high-performance standards. While this is an ongoing effort, specific steps have been taken to increase efficiencies and effectiveness of recipient capabilities. A significant effort in FY 2023 towards supporting this goal was the implementation of a 2-day in-person grants training in November 2022 to provide Council members training on grants processes and address grants administration issues. A total of 27 staff from Council members attended the training. Evaluation of internal processes was also a component of this effort, including evaluating optimal staff work responsibilities, which in FY 2023 included updating the organizational structure and the hiring of leadership positions to replace staff who retired early in FY 2023. Given the increased grants workload, the Council approved the addition of two new grant positions in early FY 2024.

As the Council continues to work towards achieving the goals and objectives of the Comprehensive Plan in order to advance its vision of a “healthy and productive Gulf ecosystem achieved through collaboration on strategic restoration projects and programs,” it emphasizes sound management of its funding and resources. This is evidenced by the Financial Statement Audit completed on November 15, 2022, that resulted in an unmodified opinion with no material weaknesses or significant deficiencies and a finding that the financial statements presented the financial position of the Council fairly, in all material respects for the ninth year in a row.<sup>1</sup> Further, the Council had a successful outcome of the sixth evaluation of its information security program and practices under the *Federal Information Security Modernization Act of 2014* (FISMA).<sup>2,3</sup> Under the latest evaluation, the Council responded to the FY 2023 core and supplemental metrics 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.<sup>4</sup> The Council takes great pride in implementing internal controls over the effectiveness and efficiency of operations, reliable financial reporting, and compliance with applicable laws and regulations to ensure operational effectiveness are operating effectively at the highest federal standards.

The Council looks forward to serving the people of the Gulf Coast through its continuing efforts in carrying out comprehensive ecosystem restoration in order to preserve and enhance the long-term environmental health and economic prosperity of the Gulf Coast region.

/S/ Original Signed  
Mary S. Walker  
Executive Director

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<sup>1</sup> OIG, *Audit of the Gulf Coast Ecosystem Restoration Council's Financial Statements for Fiscal Years 2022 and 2021*, (OIG-23-008; November 15, 2022).

<sup>2</sup> Public Law 113-283 (December 18, 2014).

<sup>3</sup> OIG, *The Gulf Cost Ecosystem Restoration Council Federal Information Security Modernization Act of 2014 Evaluation Report for Fiscal Year 2023*, (OIG-CA-23-036; July 27, 2023).

<sup>4</sup> 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.

**SECTION I: MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
(UNAUDITED)**

**I. Mission and Organization Structure**

The Gulf Coast environment was significantly damaged by the 2010 Deepwater Horizon (DWH) oil spill disaster. In an effort to advance environmental and economic recovery from the spill, Congress enacted the [RESTORE Act](#) (33 U.S.C §1321(t) and *note*) in July 2012, which amended the CWA and created the Council as well as the Trust Fund. Pursuant to the Act, the Trust Fund receives 80 percent of the civil and administrative penalties assessed under the CWA resulting from the 2010 DWH oil spill. The Council is composed of the Governors of Alabama, Florida, Louisiana, Mississippi, and Texas, the Secretaries of the U.S. Departments of Agriculture, the Interior, the Army, Commerce, and Homeland Security, and the Administrator of the U.S. Environmental Protection Agency (Administrator). The Administrator is the current Council Chairperson.

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U.S. Environmental Protection Agency (Chair)  
Michael Regan  
Administrator

State of Alabama Kay Ivey Governor	U.S. Department of Agriculture Tom Vilsack Secretary
State of Florida Ron DeSantis Governor	U.S. Department of the Army Michael L. Conner Assistant Secretary of the Army for Civil Works
State of Louisiana John Bel Edwards Governor	U.S. Department of Commerce Gina Raimondo Secretary
State of Mississippi Tate Reeves Governor	U.S. Department of Homeland Security Alejandro Mayorkas Secretary
State of Texas Greg Abbott Governor	U.S. Department of the Interior Deb Haaland Secretary

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The Council administers the expenditure of 60% of the funds deposited in the Trust Fund (Figure 1). The majority of the Trust Fund’s receipts are from BP Exploration & Production Inc. (“BP”) over a 15-year period ending in 2031, pursuant to a 2016 settlement among the United States, the five Gulf states and BP. Funding for RESTORE projects is limited to amounts available in the Trust

Fund. A history of the civil penalties can be found in previous [AFRs](#) on the [Council’s website](#) and the [2022 Comprehensive Plan Update](#).

Under the Council-Selected Restoration Component of the Act, 30% of available funding is administered for Gulfwide ecosystem restoration and protection through Funded Priority Lists (FPL) developed in collaboration among the members of the Council. The Council-Selected Restoration Component funding decisions are guided by criteria set forth in the RESTORE Act, the Council’s [Initial Comprehensive Plan: Restoring the Gulf Coast’s Ecosystem and Economy](#) (2013 Initial Comprehensive Plan), the [2016 and 2022 Comprehensive Plan Updates: Restoring the Gulf Coast’s Ecosystem and Economy](#) (2016 Comprehensive Plan Update; 2022 Comprehensive Plan Update), and other policies, including the Council’s [2019 Planning Framework](#). The remaining 30% is allocated to the states under the Spill Impact Component of the Act, according to a formula and regulation approved by the Council in December 2015. Spill Impact Component funds are spent according to individual State Expenditure Plans (SEPs), developed by each state Council member, that contribute to the overall economic and ecological recovery of the Gulf. The SEPs must adhere to criteria set forth in the Act and are subject to approval by the Council chair in accordance with those criteria.

**Figure 1:** Allocation of the Gulf Coast Restoration Trust Fund based on settlements with BP, Transocean and Anadarko; RESTORE Council oversight components are highlighted in green



### A. Council-Selected Restoration Component

Under the Council-Selected Restoration Component of the Act, only Council members are eligible to submit proposals for funding. Council approval of funding requires the affirmative vote of at least three state members and the Chair. The other five federal members do not formally vote on Council funding. The Council uses FPLs that set forth approved projects and programs. The Council

develops FPLs through collaboration among its members and with feedback from stakeholders across the Gulf.

Funds for approved FPL projects are disbursed to Council members via grants to state members and interagency agreements (IAAs) with federal members. As part of the grant and IAA process, all activities for which funding is sought are carefully reviewed to ensure consistency with the approved FPL and compliance with the RESTORE Act and all other applicable requirements, including compliance with all applicable federal environmental laws and the application of best available science criteria (BAS) as required by the Act and further defined by the Council.

In selecting projects and programs under the Council-Selected Restoration Component, the RESTORE Act requires that the Council give the highest priority to activities that address one or more of the following criteria:

- **Projects that are projected to make the greatest contribution to restoring and protecting** the natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast region, without regard to geographic location within the Gulf Coast region.
- **Large-scale projects and programs** that are projected to substantially contribute to restoring and protecting the natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast ecosystem.
- **Projects contained in existing Gulf Coast state comprehensive plans** for the restoration and protection of natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast region.
- **Projects that restore long-term resiliency** of the natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, and coastal wetlands most impacted by the DWH oil spill.

A foundational element of the 2013 Initial Comprehensive Plan was the inclusion of commitments to provide guidance for the Council's path forward. Through the process of reviewing the Council's work, including the process used to develop the [2015 Initial FPL](#), these commitments were refined and amplified in the 2016 Comprehensive Plan Update. In the 2022 Comprehensive Plan Update, the Council describes its progress toward its commitments thus far and builds upon these commitments by highlighting the importance of efficient, effective, and transparent environmental compliance.

The Council's updated commitments are:

- Taking a regional ecosystem-based approach to restoration;
- Leveraging resources and partnerships;
- Maintaining and enhancing public engagement, inclusion, and transparency;
- Providing efficient, effective, and transparent environmental compliance;
- Applying science-based decision-making; and
- Delivering results and measuring impacts.



The [RESTORE Act](#) requires the Council to provide a description of the manner in which amounts projected to be made available to the Council from the Trust Fund will be allocated for the succeeding ten years (the “Ten-Year Funding Strategy”). In the 2022 Comprehensive Plan Update, the Council reflects on its progress over the past five years in implementing the Funding Strategy, and provides updates based upon lessons learned over this time period.

In the 2022 Comprehensive Plan Update, the Council reconfirmed its conclusion that a clear and concise vision statement can help direct and shape future funding decisions. The Council’s vision for restoration is as follows:

*A healthy and productive Gulf ecosystem achieved through collaboration on strategic restoration projects and programs.*

The Council continues to believe that its vision statement for the Funding Strategy should include reference to both the desired environmental outcomes and the processes used to accomplish them. In these processes the Council will build upon the tremendous restoration experience, scientific expertise, and other capabilities of its diverse membership of state and federal agencies.

### **B. Spill Impact Component**

Under the Spill Impact Component of the Act the remaining 30% of amounts in the Trust Fund administered by the Council is allocated to the state Council members (except for Florida, where funds are allocated to a consortium of 23 affected Florida counties (“Consortium”). On December 9, 2015, the RESTORE Council voted to approve a [final rule](#) for allocation of the Spill Impact Component funds and disbursed to each state. The rule became effective on April 4, 2015, when the Federal court in Louisiana approved and entered the Consent Decree. Using the information set forth in the rule, the allocation of funds among the five states is:

- Alabama – 20.40%;
- Florida – 18.36%;
- Louisiana – 34.59%;
- Mississippi – 19.07%; and
- Texas – 7.58%.

Spill Impact Component funds are spent according to individual SEPs developed by each state member that set forth programs contributing to the overall economic and ecological recovery of the Gulf. In 2016 the Council updated the Guidelines that describe required SEP elements, the process for submitting SEPs, and the criteria set forth in the Act under which the Council Chair must approve or disapprove SEPs.

Funds for projects in approved SEPs are disbursed to the state Council members (in Florida, to the Consortium) via grants when the requisite funds become available in the Trust Fund. As with Council-Selected Restoration Component, all activities for which Spill Impact component funding is sought are carefully reviewed to ensure consistency with the applicable SEP and compliance with the RESTORE Act and all other applicable requirements, including the use of BAS and compliance with all applicable federal environmental laws.



### **C. RESTORE Council Goals**

Restoring an area as large and complex as the Gulf Coast region is a costly, multi-generational undertaking. Gulf habitats are also continually degraded and lost due to development, infrastructure, sea-level rise, altered riverine processes, ocean acidification, salinity changes and other human-caused factors. Water quality in the coastal and marine environments is degraded by upstream pollution and hydrologic alterations spanning multiple states and involving the watersheds of large and small rivers alike. Stocks of marine and estuarine species are depleted by over-utilization and conflicting resource use. Some of the region's environmental problems, such as wetland loss and hypoxia, span areas the size of some U.S. states. This degradation represents a serious risk to the cultural, social, and economic benefits derived from the Gulf ecosystem.

To provide the overarching framework for an integrated and coordinated approach for region-wide Gulf Coast restoration and to help guide the collective actions at the local, state, tribal, and federal levels, the Council has adopted five goals.

1. ***Restore and Conserve Habitat*** – Restore and conserve the health, diversity, and resilience of key coastal, estuarine, and marine habitats.
2. ***Restore Water Quality and Quantity*** – Restore and protect the water quality and quantity of the Gulf Coast region's fresh, estuarine, and marine waters.
3. ***Replenish and Protect Living Coastal and Marine Resources*** – Restore and protect healthy, diverse, and sustainable living coastal and marine resources.
4. ***Enhance Community Resilience*** – Build upon and sustain communities with the capacity to adapt to short- and long-term changes.
5. ***Restore and Revitalize the Gulf Economy*** – Enhance the sustainability and resiliency of the Gulf economy.

The fifth goal focuses on reviving and supporting a sustainable Gulf economy. This goal pertains to expenditures by the Gulf Coast states authorized in the RESTORE Act under the Direct Component (administered by the Department of the Treasury) and the Spill Impact Component and ensures that these investments can be considered in the context of comprehensive restoration. This goal does not apply to the Council-Selected Restoration Component.

To achieve all five goals, the Council supports ecosystem restoration that can enhance local communities by giving people desirable places to live, work, and play, while creating opportunities for new and existing businesses of all sizes, especially those dependent on natural resources. In addition, the Council will support ecosystem restoration that builds local workforce capacity.

The Council coordinates restoration activities under the Council-Selected Restoration Component and the Spill Impact Component to further the goals. While the Council does not have direct involvement in the activities undertaken by the States or local governments through the Direct Component, the Council will strive, as appropriate, to coordinate its work with those activities. In addition, the Council actively coordinates with the Gulf Coast Ecosystem Restoration Science Program (administered by the National Oceanic and Atmospheric Administration) and the Centers of Excellence Research Grants Program (administered by the Treasury Department).

#### **D. RESTORE Council Objectives**

The Council selects and funds projects and programs that restore and protect the natural resources, ecosystems, water quality, fisheries, marine and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast region. Projects and programs that are not aligned with the scope of the following objectives for ecosystem restoration will not be funded under the Council-Selected Restoration Component.

- **Restore, Enhance, and Protect Habitats** – Restore, enhance, and protect the extent, functionality, resiliency, and sustainability of coastal, freshwater, estuarine, wildlife, and marine habitats.
- **Restore, Improve, and Protect Water Resources** – Restore, improve, and protect the Gulf Coast region’s fresh, estuarine, and marine water resources by reducing or treating nutrient and pollutant loading; and improving the management of freshwater flows, discharges to and withdrawals from critical systems.
- **Protect and Restore Living Coastal and Marine Resources** – Restore and protect healthy, diverse, and sustainable living coastal and marine resources including finfish, shellfish, birds, mammals, reptiles, coral, and deep benthic communities.
- **Restore and Enhance Natural Processes and Shorelines** – Restore and enhance ecosystem resilience, sustainability, and natural defenses through the restoration of natural coastal, estuarine, and riverine processes, and/or the restoration of natural shorelines.
- **Promote Community Resilience** – Build and sustain Gulf Coast communities’ capacity to adapt to short- and long-term natural and man-made hazards, particularly increased flood risks associated with sea-level rise and environmental stressors. Promote ecosystem restoration that enhances community resilience through the re-establishment of non-structural, natural buffers against storms and flooding.
- **Promote Natural Resource Stewardship and Environmental Education** – Promote and enhance natural resource stewardship through environmental education efforts that include formal and informal educational opportunities, professional development and training, communication, and actions for all ages.
- **Improve Science-Based Decision-Making Processes** – Improve science-based decision-making processes used by the Council.

#### **E. Performance Goals and Indicators for Fiscal Year 2023**

The [Annual Performance Plan for FY 2023](#)<sup>5</sup> identified the following performance goals:

##### **Mission Performance Goals**

The Mission Performance Goals include the core functions and activities of Federal agencies that are reflected in statutory requirements or leadership priorities and which serve to drive their efforts in addressing pressing and relevant national problems, needs, and challenges (OMB A-11, Section 240).

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<sup>5</sup> The [2023 Annual Performance Plan](#) was prepared during fiscal year 2020 as required under the Government Performance Results Act and used to communicate the agency’s strategic objectives and performance goals.

**Performance Goal 1: Promote a Gulf-wide Comprehensive Approach to Restoration-***Effective and efficient advancement of the Council’s vision for “A healthy and productive Gulf ecosystem achieved through collaboration on strategic restoration projects and programs.”*

**Performance Goal 2: Council-Selected Restoration Program Performance Excellence-***Effective and efficient implementation and administration of the Council-Selected Restoration Program to achieve the goals of the Act.*

**Performance Goal 3: Spill Impact Program Performance Excellence -***Effective and efficient implementation and administration of the Spill Impact Program achieve the goals of the Act.*

**Stewardship Goals**

The Stewardship Goals respond to the responsibilities of Federal agencies to provide appropriate safeguards in executing mission and service-related activities effectively and efficiently, including minimizing instances of waste, fraud, and abuse (OMB A-11, Section 240).

**Performance Goal 4: Operational Excellence-***An administrative infrastructure that supports team work, collaboration, synergy between functional areas and overall operational excellence to provide excellent services, programs and outcomes to the Gulf Coast region is maintained.*

**Performance Goal 5: Management Excellence -***Council staff will provide exceptional service to the Council members and their accompanying state and federal agencies, as well to the many stakeholders associated with restoration of the Gulf of Mexico ecosystem by meeting programmatic, administrative and customer service objectives.*

**Service Goals**

The Service Goals speak to the activities that reflect the interaction(s) between individual citizens or businesses and Federal agencies in providing a direct service on behalf of the Federal Government, and which is core to the mission of the agency (OMB A-11, Section 240).

**Performance Goal 6: Public Engagement Through Inclusion and Transparency -***The Council staff will provide public engagement opportunities that reflect the richness and diversity of the Gulf Coast communities to ensure ongoing public participation in the Council’s restoration efforts.*

**F. Assessment of the Council’s Progress Toward Program Goals**

Over the eight-year period of FY 2016 to FY 2023, a total of \$308.13M has been awarded through the Council-Selected Restoration Component through grants, Interagency Agreements (IAA) and amendments. During FY 2023, a total of \$37.08M was awarded through three projects from FPL1 (Table 1) and four projects from FPL 3 (Table 2).

**Table 1:** List of FPL 1 awards made during FY 2023

Council Member	FPL 1 Projects Approved during FY 2023	Award Amount (\$ M)
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Mississippi	Deer Island Beneficial Use Site Implementation	\$3.0
DOC/NOAA	Marsh Restoration in Oyster Bay	\$0.7
DOC/NOAA	Marsh Restoration in Fish River and Weeks Bay	\$1.6
<b>FY 2023 Total</b>		<b>\$5.3</b>

**Table 2:** List of FPL 4 awards made during FY 2023

Council Member	FPL 3 Projects	Award Amount (\$ M)
	Approved during FY 2023	
AL	Enhancing Hydrologic Connectivity in Justin’s Bay (Mobile Bay)	\$1.0
MS	Water Quality Improvement Program for Coastal Mississippi Waters	\$6.85
DOI	Gulf Coast Tribal Youth Conservation Program	\$0.93
USDA	Enhancing Gulf Waters Through Forested Watershed Restoration	\$23.0
<b>FY 2023 Total</b>		<b>\$31.78</b>

Over the eight-year period of FY 2016 to FY 2023, a total of \$611.42M has been awarded through the Spill Impact Component through grants and amendments. During FY 2023, nine grants totaling \$15.8M (Table 3) were awarded.

**Table 3:** State Expenditure Plan total funds by state and list of projects approved during FY 2023

**Mississippi**

SEP Projects Approved during FY 2023	Award Amount (\$Ms)
Public / Private Partnership (Accelerate MS)	\$2.2
Gulf Coast Center of Security and Emerging Technology (CSET) Program	\$5.24
<b>FY 2023 Total</b>	<b>\$7.44</b>

**Florida Consortium**

SEP Projects Approved during FY 2023	Award Amount (\$ Ms)
10-3: Keaton Beach and Steinhatchee Boat Ramps By-Pass	\$0.38
13-3: Artificial Reef Program – Implementation	\$1.25
10-1: Spring Warrior – Acquisition	\$0.62

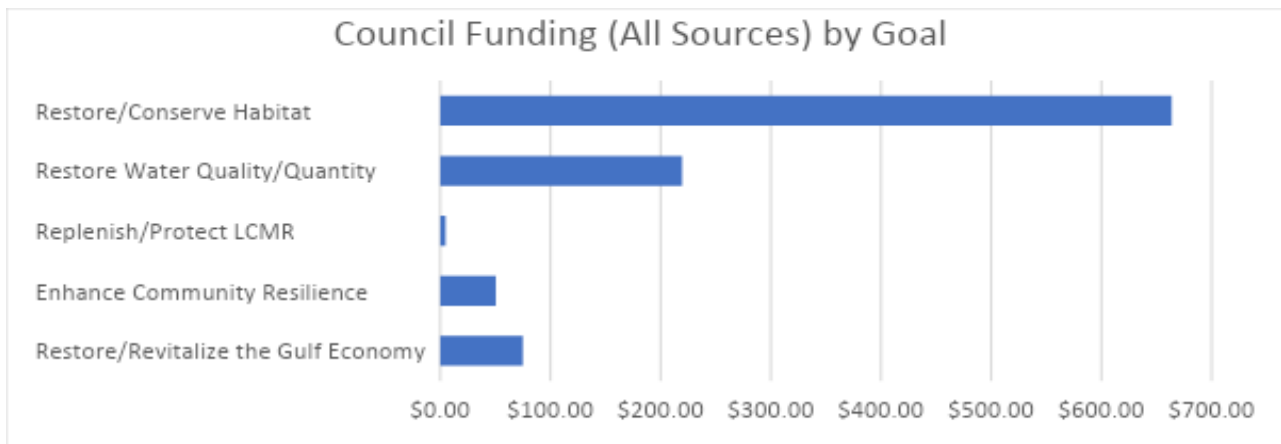
16-3: Land Acquisition for Floodplain Restoration and Resiliency	\$3.37
6-1: St. Joseph Bay/Chipola River Sewer Improvement Program	\$0.89
3-5: Veterans Park Living Shoreline	\$1.60
<b>FY 2023 Total</b>	<b>\$8.11</b>

**Texas**

SEP Projects Approved during FY 2023	Award Amount (\$ Ms)
FY22 RESTORE NBT-IB MAGEE BEACH PARK (BKT 3)	<b>\$0.25</b>

Progress by Council Goals

A total of 85.2 percent of all RESTORE Council funding awarded through the Council-Selected and Spill Impact Components are supporting the Restore and Conserve Habitat goal (60.4%) and Restore Water Quality and Quantity goal (24.8%) over the past eight years (Figure 2).

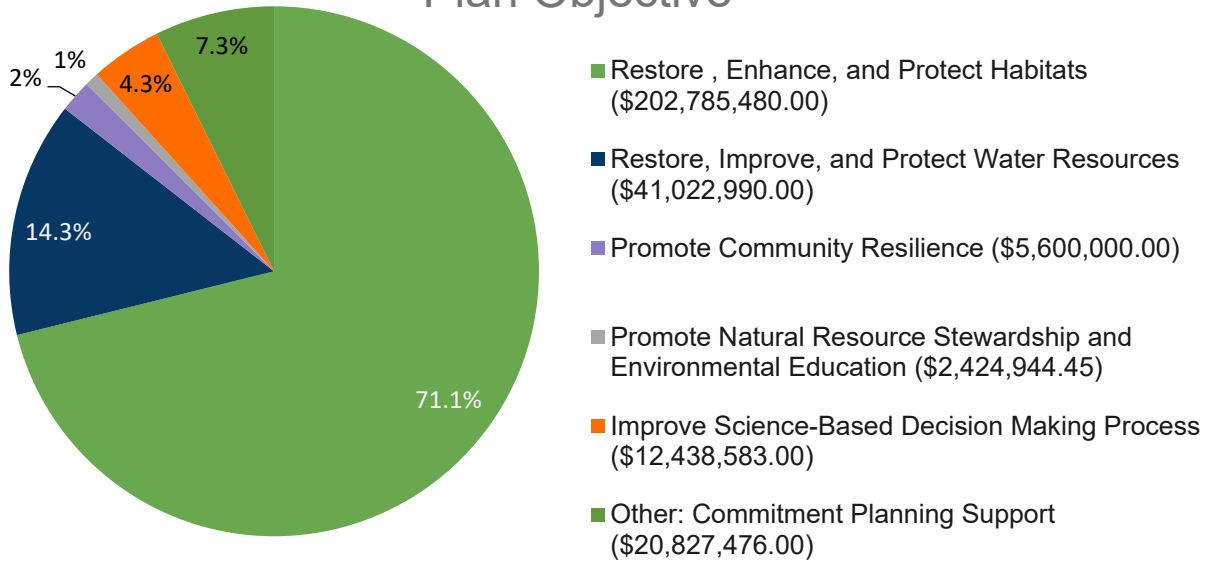


**Figure 2.** Funding trends for state and federal members (all sources, excluding the 2017 CPS FPL and award for preparing State Expenditure Plans) in support of the Council’s Comprehensive Goals through September 18, 2023.

Progress by Council Objectives

To assess Council progress, the categorization by each of the Comprehensive Plan Objectives for the projects and programs funded under the Council-Selected Restoration Component through FY 2023 (FPLs 1, 2 and 3) provides an overview of the Council’s funding priorities to date. Over 86 percent of funds awarded (Figure 3) went to support the following two objectives: Restore, enhance and protect habitats (65%, \$195.4M), and Restore, improve and protect water resources (21%, \$64.0M).

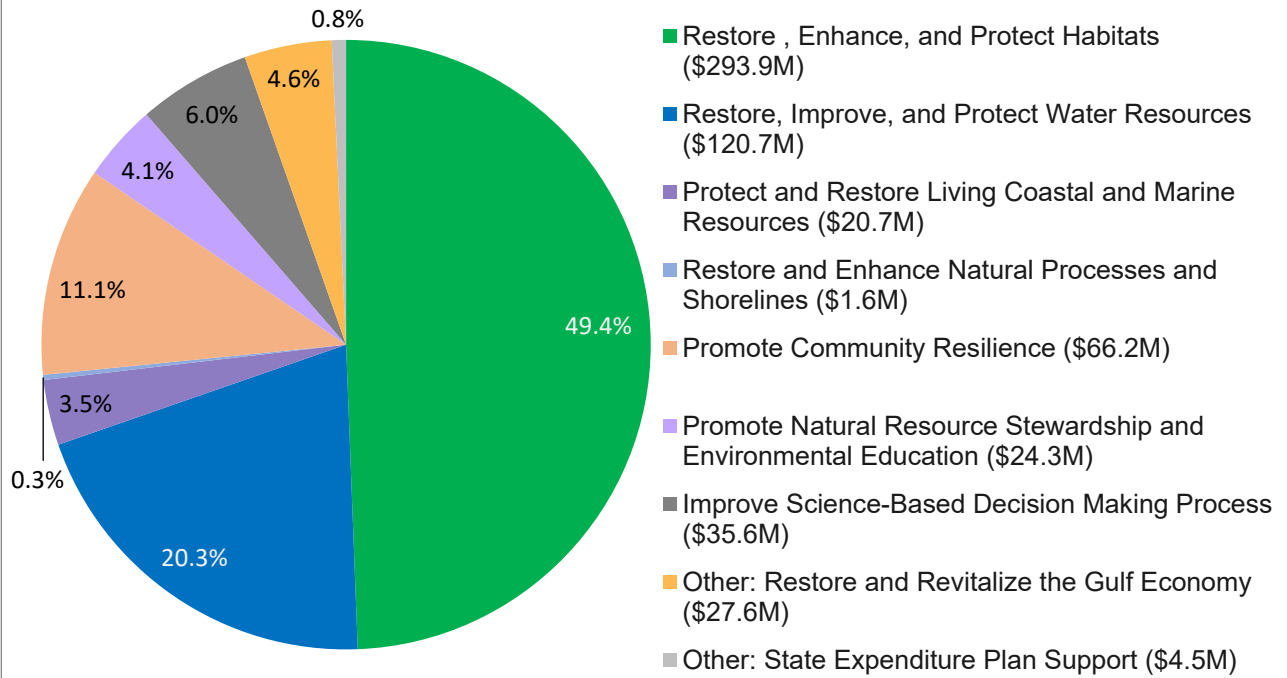
## Awarded FPL Investments by Comprehensive Plan Objective



**Figure 3:** 2015 Initial FPL, 2017 CPS FPL, 2020/2021 FPL 3 funds by Comprehensive Plan Objective. This Figure includes funds awarded as of September 18, 2023. *Note: The “Improve science-based decision-making processes” objective is cross-cutting and is sometimes used as an approach to support other objectives. For example, in the 2015 Initial FPL, some monitoring activities were funded to primarily benefit the “Restore, enhance, and protect habitats” objective.*

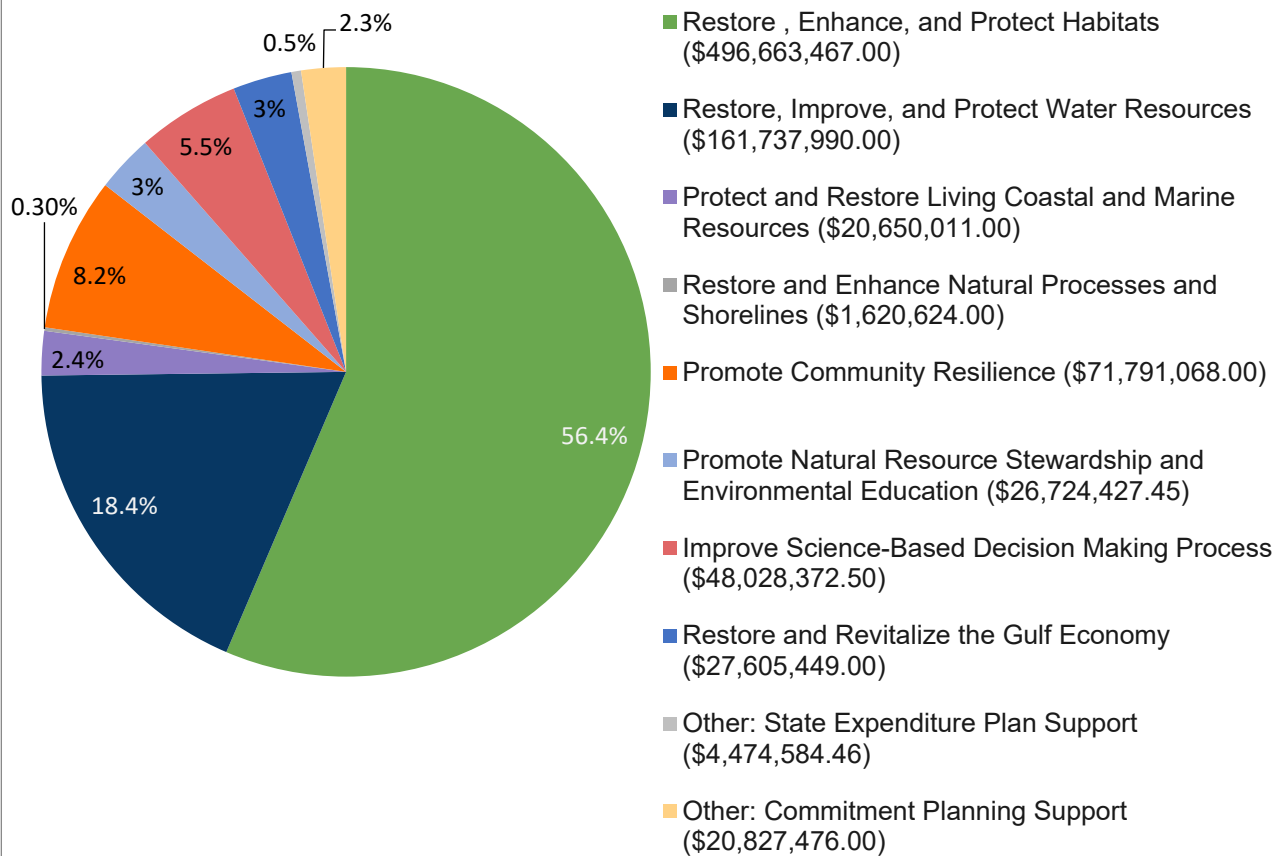
The Spill Impact Component funding through FY 2023 can also be parsed by the Council’s Objectives to identify primary funding priorities (Figure 4). While SEP projects funded a broader number of Council Objectives, the following three objectives account for 80 percent of SEP funding: Restore, Enhance and Protect Habitats (48%, \$294.3M); Restore, Improve and Protect Water Resources (21%, \$129.9M); and Promote Community Resilience (11%, \$69.2M). These same three Council Objectives also account for 83 percent of all Council funding streams (Figure 5): Restore, Enhance and Protect Habitats (54%, \$489.7); Restore, Improve and Protect Water Resources (21%, \$194M); and Promote Community Resilience (8%, \$74.8M).

## Awarded State Expenditure Plan Investments by Comprehensive Plan Objective



**Figure 4.** State Expenditure Plans awarded funds by Comprehensive Plan objectives. This figure includes funds awarded to all 5 states as of September 18, 2023

## Awarded FPL and SEP Investments by Comprehensive Plan Objective



**Figure 5.** All Council-Selected Restoration and Spill Impact Components awarded funds by Comprehensive Plan objectives. This figure includes funds awarded as of September 18, 2023

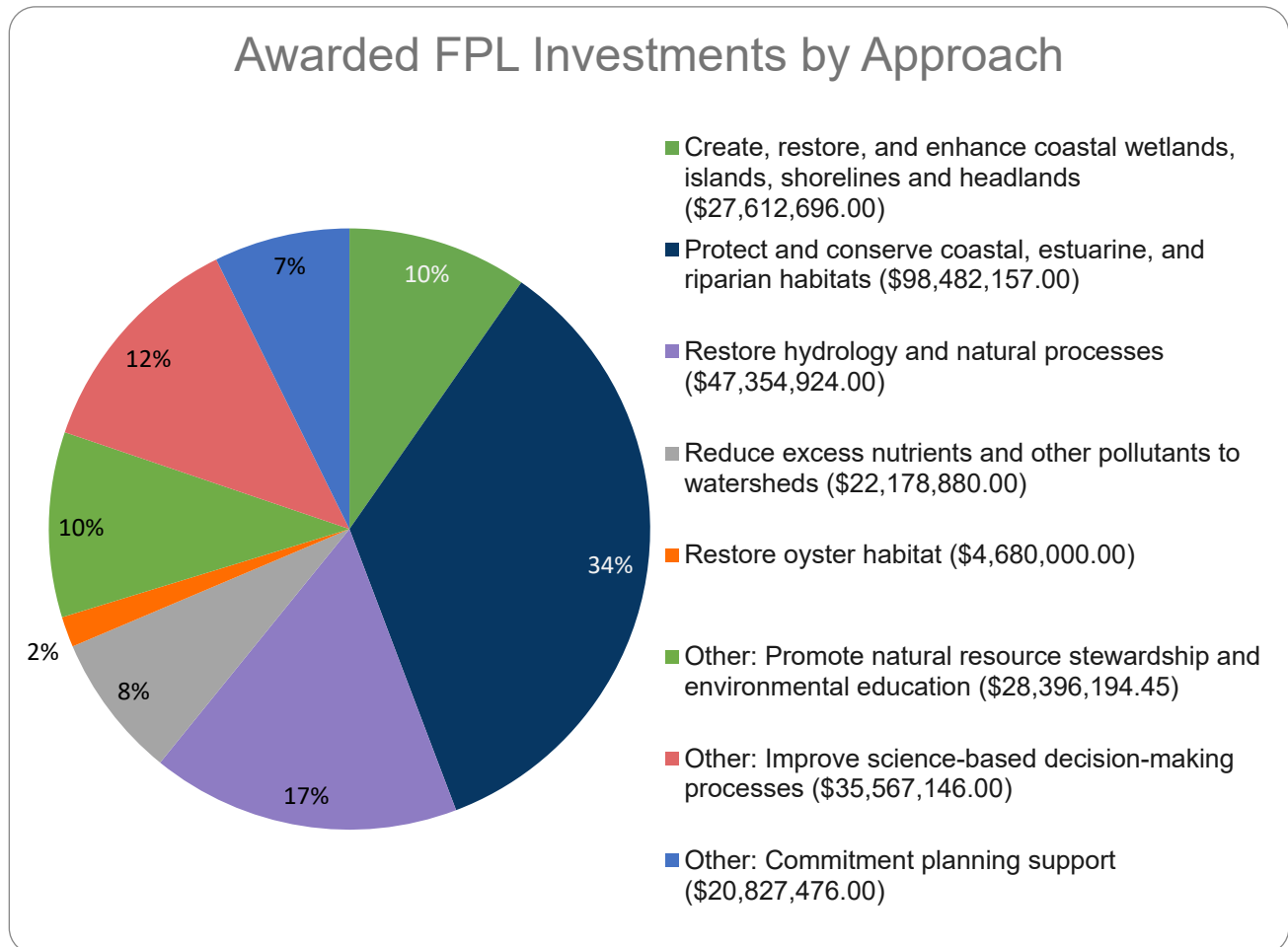
### Progress by Planning Framework Approaches

One of the most significant actions the Council has taken to improve communication of performance was the development of the Council’s [2019 Planning Framework](#) which strategically links past and future restoration funding decisions to the overarching goals and objectives outlined in the 2016 Comprehensive Plan Update. The Planning Framework indicates priorities designed to continue building on previous investments, and strategically link past and future restoration funding decisions, and place them within the context of the Comprehensive Plan goals and objectives. A full description of the Planning Framework is provided in the 2022 Updated Comprehensive Plan and previous [Annual Reports to Congress](#) found on the [Council Website](#).

The Planning Framework provides a mechanism to view the primary approaches to ecosystem restoration of the Gulf being utilized by the members through the Council-Selected Restoration

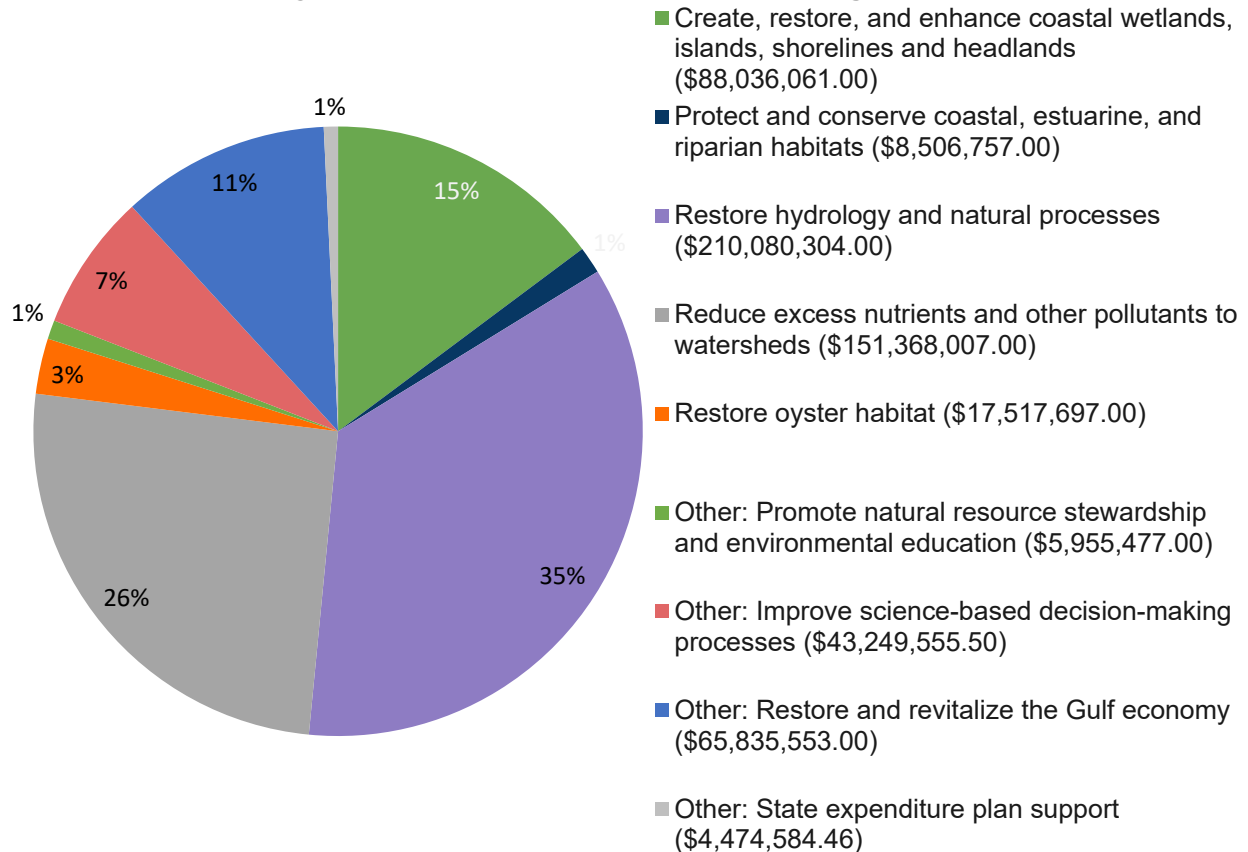


Component FPLs (Figure 6). To date (FY 2023), approaches being utilized include: Protect and Conserve Coastal, Estuarine, and Riparian habitats (32%, \$97M); Restore Hydrology and Natural processes (16%, \$47.4M); Reduce Excess Nutrients and Other Pollutants to Watersheds (15%, \$45.2M); Improve Science-based Decision-making Processes (12%, \$35.6M); Promote Natural Resource Stewardship and Environmental Education (9%, \$28.2M); Create, Restore and Enhance Coastal Wetlands, Islands, Shorelines, and Headlands (7%, \$21.7M); and Restore Oyster Habitat (2%, \$4.7M).



**Figure 6:** 2015 Initial FPL, 2017 CPS FPL, 2020/2021 FPL 3 funds by primary approach. This figure includes funds awarded as of September 18, 2023 *Note: The “Improve science-based decision-making process” approach is sometimes used to support other primary objectives. For example, in the 2015 Initial FPL, some monitoring activities were funded to primarily benefit the “Restore, enhance, and protect habitats” objective.*

## Awarded State Expenditure Plan Investments by Comprehensive Plan Objectives



**Figure 7.** State Expenditure Plans awarded funds by Comprehensive Plan objectives. This figure includes funds awarded to all 5 states as of September 18, 2023..

The Planning Framework also provides a mechanism to view the primary approaches to ecosystem restoration of the Gulf being utilized by the members through the State Expenditure Plans (Figure 7). To date (FY 2023), there are four primary approaches being utilized that account for over 87 percent of the funds approved or budgeted, including: Restore Hydrology and Natural Processes (35%, \$210.1M); Reduce Excess Nutrients and other Pollutants to Watersheds (26%, \$160.6M); Create, Restore and Enhance Coastal Wetlands, Islands, Shorelines, and Headlands (\$15%, \$90.9M); and Restore and Revitalize Gulf Economy (11%, \$66M).

Members are required to monitor the performance of all projects funded by the Council toward ecosystem restoration. In 2021 the Council updated its [Observational Data Plan \(ODP\) Guidelines](#) to provide guidance to the Council’s grant and IAA recipients on the selection of metrics, parameters and monitoring methodologies for Council funded activities. The Council has currently identified 61 performance-level metrics that are organized by the Planning Framework restoration approaches and techniques being implemented by a project or program. These metrics are used to monitor and evaluate the efficacy of projects and programs in meeting the mission goals and objectives of the

Council and track annual performance. Based on the 2019 Submission Guidelines and 2021 ODP Guidelines, metrics selected should be:

- Objective;
- Quantifiable;
- Accompanied by targets (success criteria);
- Consistent across program activities (e.g., water quality benefits);
- Identified in proposals with details provided in application ODPs; and
- Able to support the goals and objectives of the program or project.

The FPL and SEP projects funded during fiscal years, 2016, through 2023 are already achieving results (Table 4). The metric measurements are provided by the Council’s Goals and subset by Objective. To date, Council funds have been used to acquire 11,689 acres of land (an increase of over 2,700 acres over FY 2022) and restore 6,038 acres of wetlands and 9,694 acres of non-wetland areas (an improvement of 4,035 acres and 3.284 acres, respectively from FY2022 reported results), primarily in support of the Council’s goal to Restore and Conserve Habitat. It should be noted that most land acquisition and improved management practices also have direct connection to improving water quality and quantity. Council funds under Council-Selected Restoration and Spill Impact Components are being used to restore land, marine habitat, wetlands and remove invasive species (4,358 acres – an increase in 2,741 acres over FY 2022) which support the Council’s goal to Restore and Conserve Habitat. Funds invested through the Council-Selected Restoration and Spill Impact Components are also providing support for research and planning, monitoring activities, outreach and education, and providing economic benefits in support of the Council’s goal to Restore and Revitalize the Gulf Economy.

**Table 4:** Performance-level metrics results from projects funded under the Comprehensive Plan Component and Spill-Impact Component Funding. The information in the table summarizes the reported by FPL and SEP activities awarded to date. For each metric measure, the associated primary Comprehensive Plan goal, objective, and Planning Framework Restoration Technique are provided.

**Goal: Restore and Conserve Habitat**

Objective: Restore, Enhance and Protect Habitat – Technique: Land Acquisition

Metric Measure	Total (Increase from FY 2022)
Acres acquired in fee	11,689 (2,769)
Miles of shoreline acquired	14.5 (0)

Objective: Restore, Enhance and Protect Habitat – Technique: Habitat Management and Stewardship

Metric Measure	Total (Increase from FY 2022)
Agricultural best management practices (BMPs) - Acres under contracts/agreements	37,134
Removal of invasives - Acres restored	4,358 (2,741)

Habitat restoration (non-wetland) - Acres restored	9,694 (3,284)
Wetland restoration - Acres restored	6,038 (4,035)
Habitat restoration - Acres SAV restored	463 (240)

Objective: Restore, Enhance and Protect Habitat – Technique: Substrate placement

Metric Measure	Total (Increase from FY 2022)
Hydrologic restoration – Acres Restored	118 (new)
Habitat restoration - Oysters habitat	302 (0)

**Goal: Restore Water Quality and Quantity**

Objective: Restore, Improve and Protect Water Resources – Technique: Agriculture and forest management

Metric Measure	Total (Increase from FY 2022)
Erosion Control – acres restored to reduce surface and/or stream channel erosion	1,142 (707)

**Goal: All**

Objective: All – Technique: Planning

Metric Measure	Total (Increase from FY 2022)
Number of management plans developed	27 (15)

Objective: Improve Science-based Decision-Making Processes – Technique: Increase monitoring capacities

Metric Measure	Total (Increase from FY 2022)
Number of streams/sites being monitored	471 (23)
Acres being monitored	14,712,00 (1,275,000)

Objective: Promote Natural Resource Stewardship and Environmental Education – Technique: Promote Natural Resource Stewardship and Environmental Education

Metric Measure	Total (Increase from FY 2022)
Number of people enrolled to implement best management practices	414 (58)
Number of users engaged online	7,580 (0)
Number of participants that successfully completed training	606 (140)

Outreach through promoting natural resource stewardship and environmental education is an important component of the Council’s efforts as shown by 7,580 users engaged with online activities. While much of this work is ongoing, at the end of FY 2023 Council funded activities also resulted in the improvement of management practices on at least 37,134 acres through Best Management Practices (BMP). The Council is also improving science-based decision-making processes by supporting the completion of 31 management plans and monitoring over 14.7M acres and 471 sites across the Gulf. Of particular note regarding the number of acres being monitored, Council funds are being used to leverage other monitoring, assessment and data management programs including Louisiana’s 14.7M-acre Adaptive Management Program \$34M project for areas under the overarching umbrella of the System-Wide Assessment and Monitoring Program (SWAMP).

**G. Summary of Performance in Terms of Historical Trends**

Over the eight fiscal years of 2016 through 2023, a total of 170 awards were made (Table 5) with 16 new awards made during FY 2023. A total of 55 awards have now been made under FPL 1, 10 awards under the CPS FPL, 13 through FPL 3, and 92 SEP awards. As of the end of FY 2023, the Council has approved over \$308.1 for Council-Selected Restoration Component activities, either through approval of, or amendments to, FPLs 1, 2 and 3; \$611.42 has been awarded under the Spill Impact Component. Table 5 shows the breakdown of these funds for each approved FPL, as well for those awarded through the Spill Impact Component. A detailed description of the full awarding process for the Council-Selected Component and subsequent Funded Priority Lists are found in the 2022 Updated Comprehensive Plan and previous [Annual Reports to Congress](#) found on the [Council Website](#).

**Table 5:** Number of grants to state members by program and fiscal year (2016 to 2023)

Fiscal Year	FPL 1	CPS (FPL2)	FPL 3	SEP	Total
2016	2			2	4
2017	21			2	23
2018	15	9		4	28
2019	8	1		5	14
2020	3			39	42
2021	3		1	16	20
2022			8	15	23
2023	3		4	9	16
<b>Total Number Awards</b>	55	10	13	92	170
<b>Total Funding Approved</b>	<b>\$175.6</b>	<b>\$20.83</b>	<b>\$111.70</b>	<b>\$611.42</b>	<b>\$919.55</b>

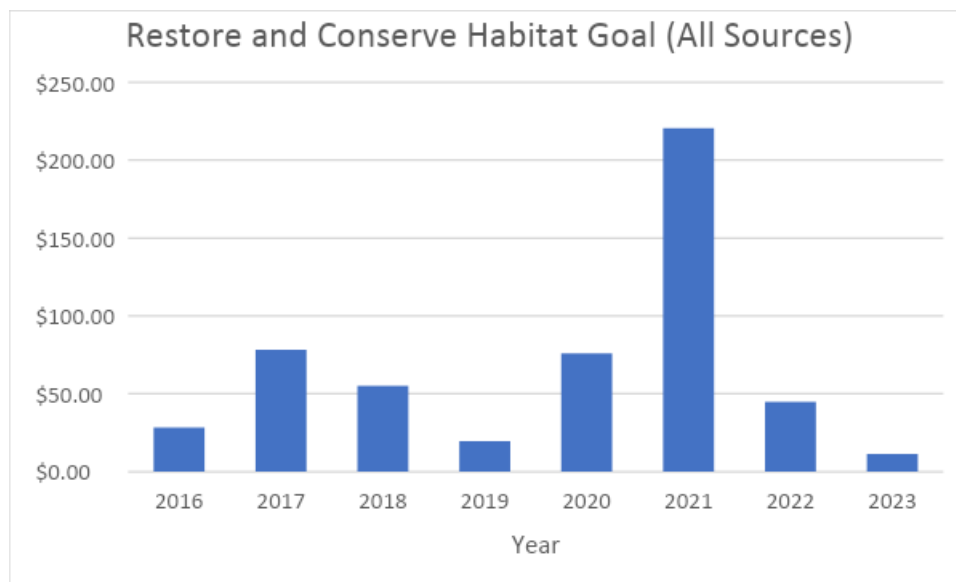
The number of awards and funding levels provides only a partial view of the grant-related workload. Now that the Council has been awarding grants and IAAs over eight fiscal years, many of the members have requested no-cost extensions and other non-monetary changes to their awards which require significant staff time. As shown in Table 6, the number of non-monetary grant actions has increased significantly. Further, with the costs of projects increasing due to delays from the pandemic and other significant cost increases, many members are now requested monetary

amendments to their original award to cover these increase activity-level costs. In FY 2023, a total of 96 grant actions were completed with 16 new awards and 80 amendments (non-monetary and monetary amendments and closeout of awards).

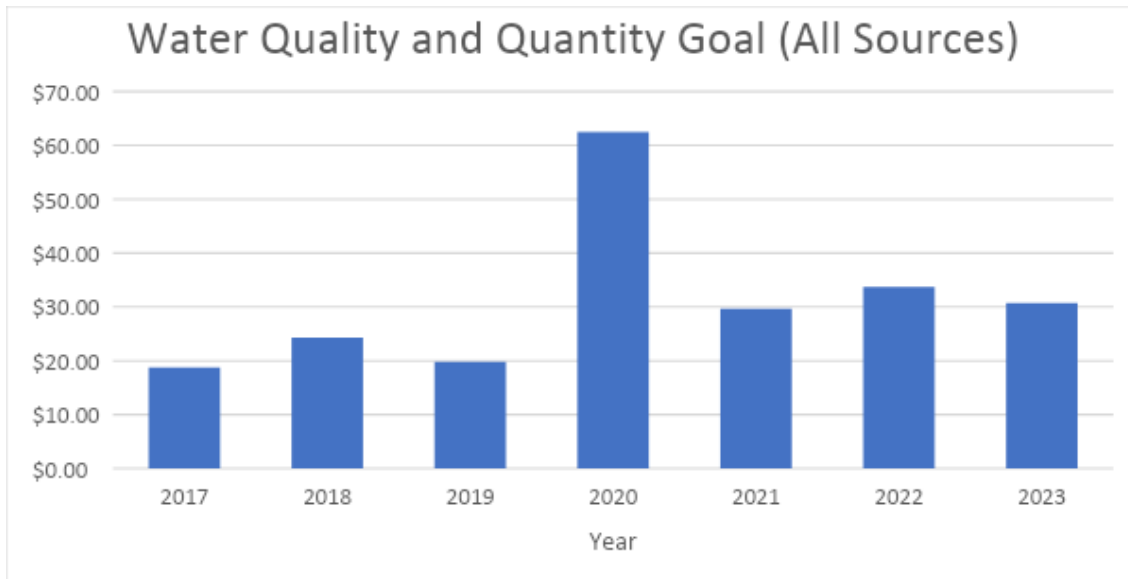
**Table 6:** Number of grant-related actions by fiscal year (2016 to 2023), including number of new awards, non-monetary and monetary amendments, and closeout of financial awards.

Fiscal Year	New Awards	Non-Monetary Amendment	Monetary Amendment	Closeouts	Total Grant Actions
2016	4	2			6
2017	23	4			27
2018	28	11			39
2019	14	14			28
2020	42	32	2		76
2021	20	25		4	49
2022	23	34	9		66
2023	16	42	26	12	96
<b>Total Number Awards</b>	<b>170</b>	<b>164</b>	<b>37</b>	<b>16</b>	<b>387</b>

Funding trends by the eight fiscal years for which funding has been awarded to Council members are shown in Figure 8 for all funding sources (Council-Selected and Spill Impact Components) in support of the Council’s goal to Restore and Conserve Habitat, while the Restore Water Quantity and Quality funding trends by year are provided in Figure 9.



**Figure 8:** Funding trends for grants and IAA’s from Council Selected and Spill Impact Components (excluding the 2017 CPS FPL and awards for preparing State Expenditure Plans) in support of the Restore and Conserve Habitat goal by fiscal year. This figure includes funds awarded as of September 18, 2023.



**Figure 9:** Funding trends for grants and IAA’s from Council Selected and Spill Impact Components (excluding the 2017 CPS FPL and awards for preparing State Expenditure Plans) in support of the Restore and Conserve Water Quality and Quantity goal by fiscal year. This figure includes funds awarded as of September 18, 2023.

## **H. Summary of Strategies and Resources Used to Achieve Goals**

Building on the strong foundation established in the Gulf Coast Ecosystem Restoration Task Force, Gulf of Mexico Regional Ecosystem Restoration Strategy and other local, regional, state, and federal plans, the Council is taking an integrated and coordinated approach to Gulf Coast restoration. As the Council recognizes that ecosystem restoration investments may also improve prosperity and quality of life, this approach strives to both restore the Gulf Coast region’s environment and simultaneously revitalize the region’s economy. In addition, this approach acknowledges that coordinated action with other partners is crucial to successfully restore and sustain the health of the Gulf Coast region.

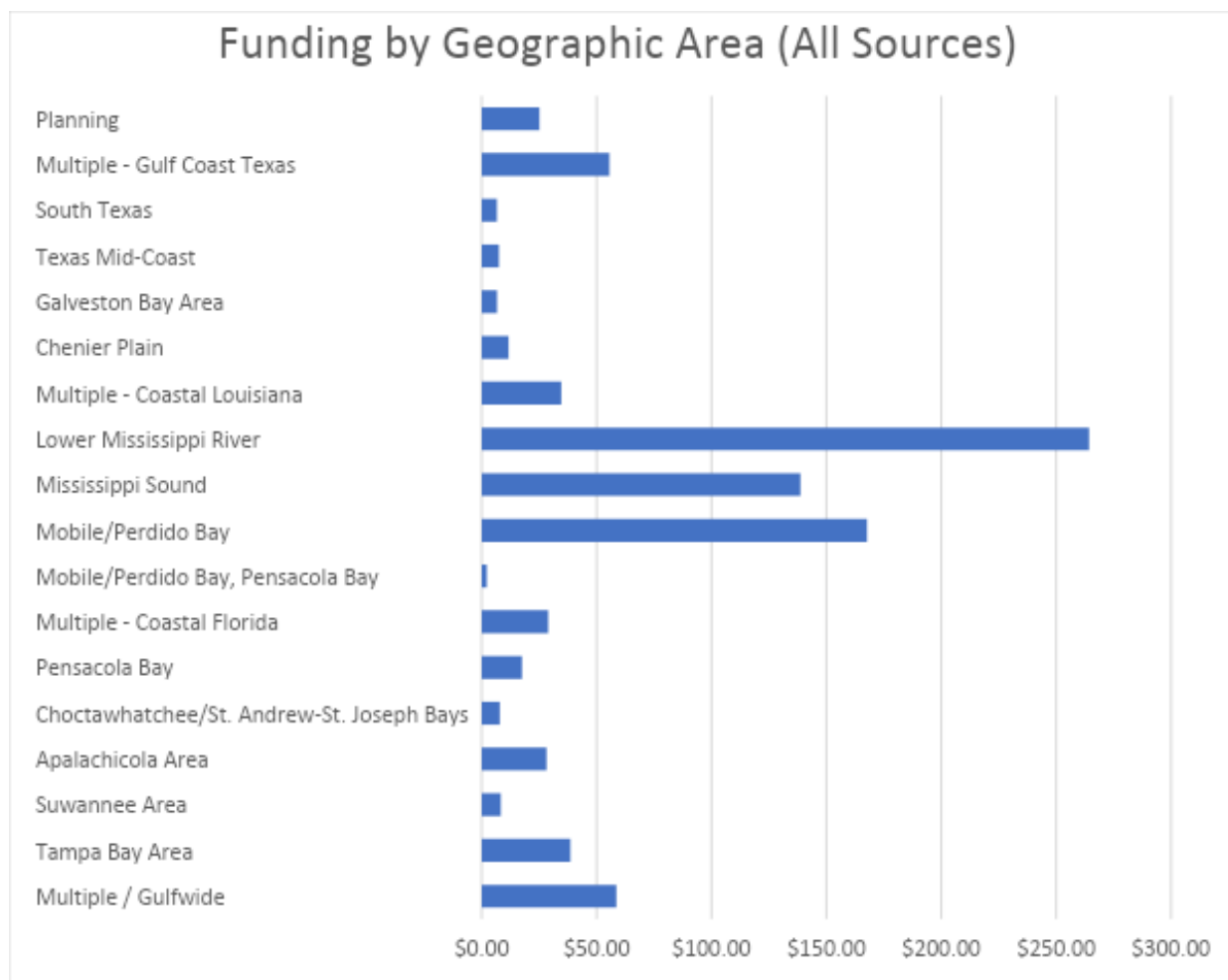
### **1. Regional Ecosystem-based Approaches to Restoration**

Ecosystems are subjected to both natural and human alterations that act together as “stressors” and affect natural ecosystem structure and function. The more ecosystems are stressed, the less resilient they may be to even larger, global challenges such as climate change. With its approval of 2021 FPL 3b, the Council has approved funding for several programs that are intended to address large-scale ecosystem stressors that result in water quality impairment, coastal habitat loss and degradation, and coastal resilience challenges.

The use of a watershed/estuary-based approach for comprehensive ecological restoration was captured as a fundamental component of the 2016 and 2022 Comprehensive Plan Updates. Linking projects to environmental stressors by watershed or estuary is scientifically sound and offers operational advantages which assist in leveraging ecosystem restoration program resources. A focus on watersheds, in concert with foundational Gulf-wide activities, is one approach to ensuring that funds are spent in a way that contributes to comprehensive Gulf restoration. With the approach, the Council engages stakeholders, and strategically addresses priority goals. The Council makes funding decisions that leverage limited restoration resources for maximum effectiveness, while also supporting planning, science, and other activities that maximize the potential for success.

Geographic areas described in the [2019 Planning Framework](#) are a step toward identifying priority watersheds/estuaries for investment to meet Comprehensive Plan goals and objectives. These geographic areas vary in size from specific watersheds/estuaries to coverage of the entire coastal area of one or more states. To some degree, this range reflects the extent to which individual projects have been identified within the broader programs. In some geographic areas, the planning process may be advanced sufficiently to have identified specific restoration activities within a watershed/estuary. In others, additional planning and review of restoration options may be needed before identifying specific actions. In addition, these geographic areas reflect the anticipated collaboration — among members, among funding partners, and across states — needed to address broader environmental stressors.

The allocation of funding by Gulf watershed/geographic area are shown in Figure 10. The watersheds/geographic areas that have received the most funding as a total of all funding sources, are the Lower Mississippi River (31.7%), Mobile/Perdido Bay (\$18.7%), and Mississippi Sound (16.1%).



**Figure 10:** Distribution of funding for state and federal Council members from the Council-Selected Restoration and Spill Impact Components by watershed or geographic area. This figure includes funds awarded as of September 18, 2023.



## 2. Coordinating, Collaborating, and Connecting Gulf Restoration Strategic Activities

Consistent with its Comprehensive Plan commitment, the RESTORE Council is using collaborative and coordination processes to help ensure that Council-Selected Restoration component funded projects and programs complement restoration being accomplished through other funding streams. The funding available through the Council, as well as the other DWH-related funding sources (including other components of the RESTORE Act, Natural Resource and Damage Assessment (DWH NRDA), and National Fish and Wildlife Foundation Gulf Environmental Benefit Fund (NFWF GEBF)), presents an unprecedented opportunity to improve Gulf ecosystem conditions and function, representing one of the most substantial investments in landscape-level restoration in U.S. history. The Gulf of Mexico region faces multiple stressors, ranging from man-made sources like the DWH oil spill disaster, water quality/quantity issues and the annual offshore hypoxic zone, as well as naturally-occurring impacts including hurricanes. By working collaboratively among the Council members and with other DWH-related funding sources, as well as working with other federal, state, and philanthropic funds, great progress can be made to increase the resiliency of the Gulf of Mexico ecosystem against these stressors.

A major challenge to Gulfwide ecosystem restoration is coordinating efforts within each state, among Council members, stakeholders, and across the Gulf restoration efforts to support personnel, travel, and logistics necessary for more effective collaboration and planning. In 2018, funding was approved in a second FPL “Funded Priorities List: Comprehensive Plan Commitment and Planning Support” (2017 CPS FPL) to address this challenge. Each of the eleven Council members were able to apply for up to \$2.1M over a five-year period beginning in 2018 through 2023. Specifically, the funding provided funds necessary for members to:

- Strengthen ecosystem restoration proposals for future FPL(s) under the Council-Selected Restoration Component;
- Enhance the efficiency of future FPL development processes; and
- Facilitate long-term planning and leveraging efforts across funding streams.

The 2022 Comprehensive Plan update provided a review of the effectiveness of the CPS FL, concluding that the use of a small portion (\$20.8M of funding to date) of its total Council-Selected Restoration Component funds to advance its Comprehensive Plan commitments has successfully met the intended purpose and provided a summary of highlights of the collaborative activities. A summary of the use of CPS funds can be found in the 2022 Comprehensive Plan and in the [2022 Annual Report to Congress](#).

Based on the analysis referenced above and continuing member need, the Council is now proposing to extend the CPS FPL to allow Council members to apply for up to \$350,000 per year in additional funding for the next five years. It is important to note that, under the RESTORE Act and the US Department of Treasury’s implementing regulations, only RESTORE Council members may apply for Bucket 2 funds.

**Table 7.** Funding for the Commitments and Planning Support activities

Annual per member (maximum)	Annual Total Council Cap	CPS FPL	Total 5-Year Investment Maximum based on Annual Cap	Max Percentage of Total Bucket 2 Funds*
\$500K for 3 Years	\$5.5M/year for 3 years	2017 CPS FPL	\$23.1M	1.44%
\$300k for 2 Years	\$3.3M/year for 2 years	2017 CPS FPL		
\$350k for 5 years	\$3.85M/year for 5 years	2023 Draft CPS FPL Amendment	\$19.25M	1.20%
		<b>TOTAL</b>	<b>\$42.35M</b>	<b>2.64%*</b>

\* Calculated based on total funds provided by BP and other responsible parties; it does not include interest. Therefore, the percentage will be less over time as interest is accrued.

This proposed amendment to the 2017 CPS FPL required public notice and a Council vote. As part of this proposed amendment, the Council proposed to update its reporting requirements for members from semi-annual to annual financial and progress summaries. The Council sought public comment on a draft amendment to the 2017 Comprehensive Plan Commitment and Planning Support (CPS) Funded Priorities List (FPL for a 30-day public comment period beginning on July 20, 2023, and concluding at 11:59 pm (CST) on August 19, 2023. A total of five comments were received. .

**I. Summary of Significant Underlying Factors that Affected the Performance (including factors outside of the Council’s control as well as those the Council could control)**

The Council also worked diligently during FY2023 to improve its grants processes through the evaluation of strategies that reduce the time it takes to review and make financial awards. While this is an on-going effort, specific steps have been taken to increase efficiencies and effectiveness of recipient capabilities. A significant effort in FY 2023 towards supporting this goal was the implementation of a 2-day in-person grants training in November 2022 to provide Council members training on grants processes and address grants administration issues. A total of 27 staff from Council members attended the training. Evaluation of internal grant processes was also a component of this continuing effort to improve our grant-related services, including evaluating workload, staffing allocation and workflow. There are also myriad natural and man-made factors that could potentially affect performance of the projects and programs funding through the Council. Therefore, the Council must consider a wide range of past, ongoing, and emerging environmental threats which could impact performance of awards under the Council-Selected Restoration and Spill Impact components of the RESTORE Act. For example, sea-level rise combined in some areas with ongoing subsidence can pose a significant risk to coastal ecosystems and communities, and to the Council’s own coastal restoration investments. Tropical systems, like Hurricane Laura that hit the western portion of Louisiana and eastern Texas during FY2020 can have a deleterious impact on coastal restoration efforts. Water quality degradation is another environmental issue impacting resilience and sustainability leading to, among many other impacts, one of the world’s largest hypoxic regions

("Dead Zone") which forms each year off the Louisiana coast and can reach the size of the State of New Jersey. The Council is committed to using the best available science as it makes coastal restoration funding decisions. The Council is also committed to working with a broad range of stakeholders interested in coastal resilience.

The Council's Comprehensive Plan recognizes that healthy ecosystems are essential for thriving and resilient coastal communities. Across the Gulf coast, cultures, economies, and communities are built upon and sustained by natural ecosystems that provide clean water, abundant fisheries, storm protection, and other critical benefits. By restoring and protecting the Gulf environment through investments made in 2021 FPL 3b and other funding decisions, the Council can help communities enhance their ability to recover from natural and man-made disasters and thrive in the face of changing environmental conditions.

## **J. Identification of Anticipated and Unanticipated Risks**

There are also inherent risks the Council will consider regarding the efficacy of individual projects and/or programs themselves ranging from impacts to performance (due to unforeseen events like impacts from a hurricane) to changes in cost beyond projected contingency plan levels, which could potentially impact the ability to complete a project or program.

The Council's Comprehensive Plan goals and objectives are designed to encompass the types of actions needed to restore ecosystem health and sustainability across the Gulf Coast region. To meet its goals and objectives, the Council must consider a wide range of past, ongoing, and emerging threats to the environment. For example, in some areas sea-level rise combined with ongoing subsidence can pose a significant risk to coastal ecosystems and communities, and to the Council's own coastal restoration investments. Water quality degradation, which can result from oil spills, pollution or landscape-scale activities in coastal and upland areas (e.g., silviculture, agriculture, channelization, and waste disposal), is another environmental issue that impacts the resilience and sustainability of coastal communities.

There are several strategies that the Council employs to anticipate and prepare for risk with associated mitigation strategies. The Council has completed an Enterprise Risk Assessment, and developed a risk profile that identifies strategic, operational, compliance, financial and reporting risks, assesses their likelihood and impact, and determines an overall risk rating with a categorization of critical, high, medium, and low. This analysis highlighted seven critical risks (high likelihood and high impact).

One of the risks speaks to the potential for overlapping project funding for the same purpose, which could take the form of project duplication within the Council-Selected Restoration Component, or a project funded by either the Spill Impact Component, or by one of the other *Deepwater Horizon* funding streams, including NRDA or the NFWF GEBF. The Council is providing a portion of the financial support for the [DWH Project Tracker](#) which provides a comprehensive way to track restoration efforts from a variety of DWH funding sources. Council staff also facilitate a DWH Project Tracker Working Group that aims to increase consistency in the activity data submitted to the DWH Project Tracker by the Council's funding partner. The emphasis and funding provided through the 2017 CPS FPL to support collaboration among the Council members and the other DWH funding streams also specifically addresses this risk.

The Council considers inherent risks to the efficacy of individual projects or programs, ranging from impacts on performance (due to unforeseen events such as hurricanes) to changes in costs (as experienced during the COVID-19 pandemic) which could potentially impact the ability to complete a project or program. The Council is committed to using the best available science as it makes coastal restoration funding decisions. Specifically, proposals for Council funding should discuss whether the project or program is vulnerable to climate risks such as sea level rise, changes in rainfall patterns, and/or potential increases in hurricane intensity. In particular, proposals should discuss how such risks might affect the benefits and duration of the project or program. Where applicable, proposals should also discuss how the project or program might mitigate future risks associated with sea level rise, subsidence, and/or storms. This guidance, titled “[Council-Selected Restoration Component FPL 3 Proposal Submission Guidelines and Review Process](#),” is available on the Council’s website, and is being updated in FY 2024 for the next FPL. The Council will continue to carefully consider how changing environmental conditions could influence the effectiveness, sustainability, and resilience of future restoration investments.

#### 1. Best Available Science

The RESTORE Act requires the Council to “undertake projects and programs, using the best available science (BAS) that would restore and protect the natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, coastal wetlands, and economy of the Gulf Coast.” In the 2016 update to its Comprehensive Plan, the Council strengthened its commitment to using BAS and delivering and measuring success through the use of common standards and monitoring protocols, and the development of indicators and metrics of restoration and conservation success by project, region, and/or watershed. To address uncertainties and risk, each proposed activity is evaluated as described in found in the FY 2022’s [AFR](#) on the [Council’s website](#) and the [2022 Comprehensive Plan Update](#).

#### 2. Environmental Compliance

As a federal entity, the Council must comply with all applicable federal environmental laws and other requirements when approving funding under the Council-Selected Restoration Component. The environmental laws that apply to a proposal are a function of the specific activities being proposed, and their possible direct and indirect influence on the environment, including the National Environmental Policy Act, Endangered Species Act, Magnuson-Stevens Fishery Conservation and Management Act, National Historic Preservation Act, and the Fish and Wildlife Coordination Act. Other environmental laws and requirements may apply at the award or construction stage of a project or program. The Council does not disburse Spill Impact Component funding for activities in approved SEPs until it has confirmed that all applicable laws have been addressed.

### **K. Summary of Plans to Improve Performance**

In its 2016 and 2022 Comprehensive Plan Updates, the Council has committed to delivering results, measuring impacts, and implementing/improving adaptive management. Ongoing coordination around science and monitoring has already reaped tangible benefits such as: alignment of overlapping tasks across entities, shared work products, and plans for future leveraging of shared resources. The Council is also exploring opportunities to create consistency and collaborate with NRDA efforts where appropriate. For example, the intersection between the [Council Monitoring and](#)

[Assessment Work Group \(CMAWG\)](#) efforts with the NRDA Cross-Technical Implementation Group, and Monitoring and Adaptive Management Workgroup may yield important programmatic and science efficiencies.

Another element of the Council's commitment to measuring and ensuring success is the application of adaptive management strategies. The purpose is to support meeting the Comprehensive Plan goals and objectives, both for individual activities as well as programmatically across watersheds or other geographically defined regions. By considering new information gained from monitoring and scientific advancements, the Council intends to fulfill its commitment to utilize adaptive management processes to enhance the benefits of its work.

At the programmatic scale, the Council's structure and cyclical process for developing and approving FPLs allows for an adaptive approach to its Council-Selected Restoration Component funding decisions. For watersheds or other geographically defined areas, the Council utilizes its programmatic documents and processes to generally follow an adaptive process that may best support realization of the Council's vision for the Gulf Coast region.

At the level of individual activities (both projects and programs), Council members set quantitative targets for each of their Comprehensive Plan objectives and describe any adaptive management strategies they plan to implement to ensure objectives are met. As set out in the activity's ODP, monitoring data are collected and used to determine whether projects are meeting, or are expected to meet, their targeted objectives. Monitoring data may also be used to signal the need for any corrective actions that may enhance performance, as feasible. Funding recipients also report on how the results of data collection may help to resolve critical uncertainties influencing restoration and management decisions, informing and improving the success of efforts beyond the scope of the activity.

These and other actions will continue to allow the Council to improve ecosystem restoration and protection outcome and impact measurement and reporting, and assist in the development of local and regional ecosystem models. This work will also help the Council utilize lessons learned to identify and refine priority restoration needs and critical uncertainties related to Gulf restoration and inform adaptive Council decision-making processes related to these investments over time.

**L. Summary of Procedures Management Designed and Followed to Provide Reasonable Assurance that Performance Information is Reliable and Relevant**

Over its lifetime, the Council will invest over \$3B in Gulf Coast ecosystem and economic restoration activities. These investments will not only advance the Council's vision of a healthy and productive Gulf ecosystem, but also result in diverse scientific and economic data observations that will be used to demonstrate the benefits of Council investments. The Council recognizes the importance of comprehensive planning for the collection and compilation of data that can be compared across projects. Comparable data enables reporting at multiple scales, including project- and program-specific scales, as well as potential future larger-scale assessments across the Gulf Coast region. Understanding outcomes and impacts will further help to achieve tangible results and ensure that funds are invested in a meaningful way.

As described in the FY 2022 [AFR](#) and the [2022 Comprehensive Plan Update](#), in FY 2021, with the assistance of the CMAWG, Council staff completed the process of updating the Guidance. To facilitate consistent data collection and management, RESTORE Council projects/programs are required to develop an Observational Data Plan (ODP) as part of the Council's financial award process. An ODP is a tool to ensure that an activity's observational data (e.g., monitoring data) is collected and managed in such a way that it can be used to:

- Assess if the project was constructed as designed;
- Evaluate if the project has achieved, or is on track to achieve, its specific goals and objectives;
- Understand why the project has, or has not, performed as anticipated;
- Inform potential adaptive management actions to enhance performance;
- Improve future projects;
- Conduct further analyses (e.g., by ensuring long-term accessibility of data to the Council and public).

The selected metrics must be able to support all of the goals and objectives a project has identified. For example, if a project's objective is to restore habitat, a metric must be selected to track the restoration of that habitat. Case-by-case exceptions may be made based on factors that limit the ability or need to conduct detailed monitoring. Feasibility, resource constraints, and the availability of existing data and scientific support may influence metric selection, particularly for SEP projects, where the members have more discretion over how funds are to be used. .

Council staff review financial and performance reports to assess progress on all awards. In addition, staff perform financial desk reviews and on-site/virtual site visits on a subset of awards. In FY 2023, Council staff undertook 5 financial desk reviews and 13 on-site/virtual site visits related to programmatic/performance reviews. The reviews conducted in FY 2023 include awards made to 6 of 7 state recipients and 3 of 6 federal agencies.

### **M. Risks to the Agency's Achievement of its Goals and Objectives**

The Council is taking preemptive and proactive actions to identify and mitigate risks, to the degree practicable, to ensure the goals and objectives of the RESTORE Act and Comprehensive Plan will be achieved. Procedural policies that enhance coordination among Council members and with other *Deepwater Horizon* funding streams will reduce duplicative funding and enable leveraging of investments across programs. Tracking of performance through metrics and regular communication will bring to light performance challenges, enabling mitigation strategies to be employed. Further, the CMAWG and Council programmatic staff will review metrics and provide recommendations to adaptively manage projects and programs as new insights are garnered from results of ecosystem restoration efforts. However, there are still unforeseen events, both natural (e.g., hurricanes) and man-made which could impact the successful completion of some projects funded by either the Council-Selected Restoration or Spill Impact components that are beyond the ability of the Council to control.



## **ANALYSIS OF THE FINANCIAL STATEMENTS**

The financial statements and financial data provided are derived from the accounting records of the Gulf Coast Ecosystem Restoration Council. These statements are prepared to disclose the financial position, financial condition, and operating results, in accordance with the regulations of 31 U.S.C. § 3515(b). They also comply with the Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. It is important for users to note that these statements pertain to a division of the U.S. Government.

The Council is funded in its entirety by the RESTORE Trust Fund and serves as an expenditure fund for the Trust Fund. It does not receive appropriated funds, and all funding is Category B mandatory funding. The Council's financial statements reflect the amount of funds available to and used by the Council. Table 8 below shows the current status of the trust fund components that are managed by the Council: The Council-Selected Restoration Component, and the Oil Spill Impact Component. The Council-Selected Administrative Funds and Council-Selected Program Expense Funds are subcategories of the Council-Selected Restoration Funds and are used by the Council to carry out its operations. The apportionments received by the Council are used to develop programs, carry out operations, and fund projects.

The Department of the Treasury issued an Interim Final Rule regarding the investment and use of amounts deposited in the Gulf Coast Restoration Trust Fund. Upon issuance of this Rule, the Council was able to request apportionments for the Council-Selected Restoration Component Funds. The Spill Impact Interim Final Rule published on August 22, 2014, made available an amount of funds less than or equal to the statutory minimum allocation (5% of funds available under the Spill Impact Component) that would be available to a Gulf Coast State or eligible entity for a SEP that funds planning activities only. On December 15, 2015, the Council published the RESTORE Act Spill Impact Component Allocation Final Rule which became effective on April 4, 2016, when the United States Court for the Eastern District of Louisiana entered the Consent Decree. This Rule established the formula for the allocation of Spill Impact Component funds to the States making these funds available for apportionment.

Table 8 shows the Council's trust fund apportionments received in fiscal years 2013 - 2023. Apportionment is an Office of Management and Budget-approved plan on how to spend resources provided by a mandatory appropriation, an annual or supplemental appropriation act, or a continuing resolution as well as other sources of funding such as a Trust Fund. An apportionment contains the amounts available for obligation and expenditure. It also specifies and limits what obligations can be done and what expenditures can be made during specified timeframes, for programs, projects, and activities, or any combination of these.

Table 8: Trust Fund Apportionments Received Summary

Trust Fund Balance (After Sequestration)	Council Selected Administrative Funds (6011)	Council Selected Projects and Programs Funds (6012)	TOTAL COMPREHENSIVE PLAN	SPILL IMPACT (6013)
<b>TRUST FUND DEPOSITS</b>	\$27,487,688	\$888,768,557	\$916,256,245	\$869,721,060
Apportionment FY13-19	7,843,581	212,355,348	220,198,929	193,810,001
Apportionment FY20	1,109,447	34,277,021	35,386,468	185,726,644
Apportionment FY21	1,734,224	146,361,378	148,095,602	73,623,810
Apportionment FY22	1,081,530	8,684,446	9,765,976	274,396,619
Apportionment FY23	1,599,375	138,351,431	139,950,806	97,882,816
Total Apportioned	13,368,157	540,029,624	553,397,781	825,439,890
<b>TRUST FUND BALANCE</b>	\$14,119,531	\$348,738,933	\$362,858,464	\$44,281,170

In fiscal year 2023, \$237.8 million in new apportionment funding was approved. Of this amount, \$139.9 million was used in support of Council Selected Administrative and Program Expenses, and \$97.9 million was used to fund projects included in State Expenditure Plans. Alabama received \$17.4 million; Florida received \$6.0 million; Louisiana received \$29.5 million; Mississippi received \$17.9 million; and Texas received \$27.1 million.

### Five-Year Operational Costs Summary

To best serve the communities of the Gulf Coast region, the Council strives to implement the Comprehensive Plan and accomplish the requirements of the RESTORE Act in an effective and efficient manner, at the minimum cost possible in order to maximize the funds available for restoration projects and programs. The Council has managed its fiscal resources through a strategy of incremental growth corresponding to the development of the Council-Selected Restoration Component and Spill Impact Component programs.

Table 9 provides a breakdown of each fiscal year's financial apportionment, revenue, obligations, operations costs, and carryforward funds from prior and current years. Council approval is required for the use of carryforward funds if an expense exceeds a certain threshold but has not been included in the approved annual operating budget. During fiscal year 2023, the Council allocated \$1.96 million in carryforward funds for interagency agreements relating to procurement, accounting, budgeting, payroll services, Axiom, administrative contractor support, and PIPER maintenance. Additionally, \$161,710 from the \$1.2 million reserved for the Unified Solution (GrantSolutions and PIPER) was carried forward into fiscal year 2023.

In fiscal year 2024, carryforward funds will be utilized for Axiom, USGS/GIS Web Support, BAS Appraisal Reviews, Translation services, PIPER maintenance, and augmenting the cost of Grant



Solutions. Surplus carry-forward funds from fiscal year 2023 will be utilized to fulfill fiscal year 2024 operational requirements in lieu of requesting new funding from the Trust Fund.

Table 9: 5-Year Revenue and Operational Cost History (in millions) \*represents the first 7 years

Council Operational Cost History	Carry-forward from PY	New apportionment	Recoveries from PY obligations	Current year trust fund revenue	Funded obligations incurred	Total Cost of Operations	Carry-forward
FY13 -19*	\$6.84	\$21.47	\$0.40	\$28.71	\$21.01	\$21.35	\$8.15
FY20	\$2.23	\$6.38	\$0.33	\$8.94	\$7.95	\$6.99	\$2.23
FY21	\$2.23	\$7.64	\$0.02	\$9.89	\$7.14	\$7.71	\$1.74
FY22	\$1.74	\$7.55	\$0.08	\$9.37	\$5.94	\$7.30	\$1.96
FY23	\$1.96	\$8.16	\$0.01	\$10.13	\$7.53	8.60	\$1.93

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### Five Year Operational Cost Trends

Table 10: Council's operating expenses (obligations) incurred for fiscal year 2019 – 2023 by cost category (in millions)

Fiscal Year	Salaries and Benefits	Contract and IAAs...	Travel	Equipment/Grant System	Supplies, Printing and Misc.	Rent, Communications Utilities
2019	\$3.513	\$2.783	\$0.280	\$0.019	\$0.015	\$0.011
2020	\$4.188	\$3.415	\$0.119	\$0.204	\$0.007	\$0.012
2021	\$4.049	\$2.866	\$0.025	\$0.131	\$0.006	\$0.061
2022	\$4.277	\$3.044	\$0.082	\$0.190	\$0.024	\$0.058
2023	\$4.519	\$3.147	\$0.163	\$0.053	\$0.004	\$0.057

The Council's operations costs have consistently increased each year, driven by three primary cost drivers: salaries and benefits costs, travel, and contracts and agreements for services. However, the Council only requests funds for immediate operational needs, following an incremental approach. In the fiscal year 2023, the Council maintained a steady number of full-time equivalents (FTE) and staff positions at 24 FTE. Nevertheless, operational costs during this period increased mainly due to a 6% increase in salaries and benefits. As travel restrictions were lifted, travel expenses experienced a significant surge of 98%.

Expenses for contracts and Inter-Agency Agreements (IAA) witnessed a 2.2% increase in fiscal year 2023, totaling \$3.147 million. This rise can be attributed to higher personnel and contractor support costs, as well as the maintenance and support of GrantSolutions and PIPER. On the other hand, there was a notable decrease of 72% in expenses for contracted services associated with administrative facilities and information technology. This reduction can be attributed to the fact that Council employees work remotely, resulting in significantly reduced expenses for IT, printing, shipping, equipment, and supplies. The Council's substantial decrease in equipment costs in fiscal year 2023

indicates that the agency is fully operational, having acquired the necessary equipment in previous years and did not require significant additional investments in FY23,

### *Administrative Expenses*

The RESTORE Act specifies that no more than 3% of the funds received by the Council-Selected Restoration Component may be used for administrative expenses. This limitation is further explained in the Treasury regulation implementing the Act at 31 CFR §34.204(b), "Limitations on administrative costs and administrative expenses." (as amended September 28, 2016). The regulation states that the 3% limit is applied to the amounts received by the Council under the Comprehensive Plan [Council-Selected Restoration] Component before the termination of the Trust Fund. It also specifies that amounts used for administrative expenses cannot exceed 3% of the total of the amounts received by the Council and the amounts in the Trust Fund that are allocated to, but not yet received by the Council under § 34.103.

The Council collaborated with the Office of Management and Budget (OMB) to separate administrative expense funds through the apportionment process. To ensure that expenses are classified correctly, the Council refers to the definition of administrative expenses provided by the Treasury regulation implementing the Act at 34 CFR §34.2. This definition guides the Council in accurately classifying certain expenses as administrative and categorizing the remaining expenses as programmatic.

The Council is responsible for managing and supervising projects and programs during the post-award period. As the Council is expected to cease operations once all funds available from the Trust Fund have been spent, a long-term forecast is created for its administrative and operational expenses. This forecast is based on the projected closeout date of all grants. To ensure that operational costs are fiscally responsible and well-managed throughout the program's life, the Council has projected its operations through 2042 based on the Consent Decree payment schedule and the projected closeout timeframe for grants awarded.

Table 11 provides information on the funds deposited as of September 30, 2023, for the Council-Selected Restoration component, as well as the funds available for administrative expenses. The amount of funds apportioned for administrative expenses is below the amount of administrative funds available in the Trust Fund and is equivalent to 3% of the total funds apportioned for the Council-Selected Restoration Component. Of the total \$921.4 million, including interest, deposited into the Trust Fund for the Comprehensive Plan component, \$916.3 million was made available and \$5.2 million was withheld in fiscal year 2023 due to sequestration.

Of the \$27.5 million available for administrative expenses, \$14.1 million remains in the Trust Fund. Overall, 49% of the available administrative funds have been apportioned, which is equal to 1.5% of the total available trust funds.

Table 11: Three Percent Analysis

<b>STATUS OF 3% ADMINISTRATIVE EXPENSE FUNDS (as of 09/30/2023)</b>	
<b>Trust Funds-Comprehensive Plan</b>	
Amount Available	\$921,445,211
Minus Sequestration for 2023	\$5,188,966
Total Amount Available	\$916,256,245
Administrative Expense Funds Available (Total Amount Available x 3%)	\$27,487,687
Minus Total Administrative Funds Apportioned through 2023	\$13,368,157
<b>Balance of Administrative Funds Remaining in the Trust Fund</b>	<b>\$14,119,530</b>

**Projects and Programs**

The Louisiana and Mississippi State Expenditure Plans (SEPs) were approved in fiscal year 2017, followed by the approval of the Florida SEP in fiscal year 2018, and the Texas and Alabama SEPs in fiscal year 2019. While these SEPs have been approved, it is important to note that the projects included in the plans must undergo thorough development and comply with planning and environmental regulations before receiving funding.

Each state has the autonomy to choose which projects to prioritize and request funding for, as well as the timing of these decisions. In fiscal year 2023, a total of \$215.81 million in grants were provided through the Spill Impact Component. This funding was allocated through a series of amendments and awards to the participating states. Alabama, for example, received sixteen amendments totaling \$29.17 million in PY awards. The Florida Consortium received six amendments and six awards amounting to \$8.14 million, while Louisiana received one amendment totaling \$163.13 million. Mississippi and Texas were also granted funds through amendments and awards, with Mississippi receiving two awards totaling \$7.43 million and Texas receiving one award in the amount of \$250,000.

Under the Council-selected Restoration Component, a total of \$308.1M in projects and programs have been funded through FY 2023. During the past fiscal year, three FPL 1 projects were awarded. The first is Deer Island Beneficial Use Site Implementation (\$3.00M); the second is Marsh Restoration in Oyster Bay (\$0.69K); and the third is Marsh Restoration in Fish River and Weeks Bay (\$1.55M). Four FPL 3b projects were awarded in FY 2023. They include Enhancing Hydrologic Connectivity in Justin’s Bay (Mobile Bay) (\$1.00M), Water Quality Improvement Program for Coastal Mississippi Waters (\$6.85M), Enhancing Gulf Waters through Forested Watershed Restoration (\$23.00M), and Gulf Coast Tribal Youth Conservation Program (\$0.93K).

Table 12 below identifies the project and program funds awarded annually.

Table 12: Projects and Programs Funds Awarded (dollars in millions)

<b>Projects And Programs</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total to Date</b>
FPL1	\$7.76	\$81.65	\$34.26	\$32.49	\$7.44	\$6.77	0	\$5.24	\$175.61
FPL2	0	0	18.73	2.1	0	0	0	0	20.83

FPL 3a	0	0	0	0	0	0	10.15	0	10.15
FPL 3b	0	0	0	0	0	11.97	57.81	31.78	101.56
SEP	6.01	19.76	35.6	16.56	137.56	94.93	85.19	215.81	611.42
<b>TOTALS</b>	<b>\$13.77</b>	<b>\$101.41</b>	<b>\$88.59</b>	<b>\$51.15</b>	<b>\$145.00</b>	<b>\$113.67</b>	<b>\$153.15</b>	<b>\$252.83</b>	<b>\$919.57</b>

### *Costs Incurred*

The Council's incurred costs primarily include operational expenses such as salaries, benefits, administrative services, travel, and automated services in support of program and grant activities. These costs are realized as expenses are incurred, and contracts and agreements are liquidated. In fiscal year 2016, the initial Funded Priority List (FPL) and State Expenditure Plans (SEPs) were approved, leading to the issuance of the first four grant and interagency agreement (IAA) awards shortly thereafter. The administrative and programmatic operational expenditures have been consistent with annual obligations.

Due to the diverse and complex nature of restoration projects, the performance of these awards has taken longer, resulting in a slower expenditure rate. However, there has been a steady increase in the expenditure rate, as shown in Table 13.

Table 13: Total Council Incurred (Actual) Costs to Date (in dollars)

Year(s)	Administrative Expense	Programmatic Operating Expense	Council-Selected Projects and Programs	Spill Impact Projects and Programs	TOTAL COST
2013-2019	\$8,152,775	\$19,274,044	\$56,770,696	\$20,094,675	\$104,292,190
2020	1,693,186	5,334,158	38,739,098	33,316,966	79,083,408
2021	1,486,794	6,257,674	33,303,982	76,937,067	117,985,517
2022	1,362,085	5,984,249	54,361,529	83,534,545	145,242,408
2023	1,701,730	6,928,835	(2,771,281)	10,613,552	16,472,836
<b>TOTALS</b>	<b>\$14,396,570</b>	<b>\$43,778,960</b>	<b>\$180,404,024</b>	<b>\$224,496,805</b>	<b>\$463,076,359</b>

In fiscal year 2023, the Council experienced a significant rise in operational incurred costs, primarily attributed to a variety of factors, including promotions, new hires, the projected pay raise, and the lifting of travel restrictions, leading to a resurgence in travel. These costs were further influenced by increases in Memorandums of Understanding with organizations such as the Office of the Inspector General, the Environmental Protection Agency, and the Bureau of Fiscal Service-Administrative Resource Center.

Additionally, The costs were influenced by projects granted in FPL 1, FPL 3b, and the State Expenditure Plans programs. In fiscal year 2023, there was an increase in costs incurred for FPL 1, as three projects were awarded. This is a noteworthy improvement compared to the previous fiscal year, where no projects were granted. Conversely, there was consistency in costs for FPL 3a between fiscal years 2022 and 2023, with no significant changes. The management of FPL 3b costs experienced a decrease in fiscal year 2023. This decline can be attributed to only four grants being

awarded during fiscal year 2023, in contrast to seven grants awarded in fiscal year 2022 and only one in fiscal year 2021. Council Selected Projects incurred a negative cost due to the final closure of 12 grants and the subsequent de-obligation of \$8.17 million.

***Variance Analyses***

Below are the Council variance analyses of its financial statements for fiscal year 2023 and fiscal year 2022, respectively. The analyses measure the Council's financial and operational data between fiscal year 2023 and fiscal year 2022. The analyses provide key data on the Council's expenses, revenue, and grants.

***Assets***

Assets for the Council for fiscal years 2023 and 2022, respectively, are shown in Table 14 below. As of September 30, 2023, Council total assets were \$919,979,899 a decrease of \$504,998 or -.05% over fiscal year 2022.

Table 14: Council Assets

Council Assets	FY 2023	FY 2022	Increase/ (Decrease)	% Change
Fund Balance with Treasury	\$275,714,094	\$268,892,757	\$6,821,336	3%
Expenditure Transfers Receivable	\$643,772,711	\$651,135,836	(\$7,363,125)	(1%)
Account Receivable	\$200	0	\$200	-
Property, Equipment, and Software, Net	\$492,894	\$456,304	\$36,590	8%
Assets	\$919,979,899	\$920,484,897	(\$504,998)	(5%)

The Treasury's Fund balance experienced a notable 3% growth, amounting to \$6,821,336. As various projects approach completion or enter the construction phase, the expenditure rate escalates, leading to a greater cash withdrawal from the trust fund. These withdrawals are made in anticipation of upcoming quarterly payments and are strategically planned to maintain a sufficient cushion of funds for each program, thereby mitigating the need for emergency drawdowns.

The Expenditure Transfers Receivable witnessed a slight decline of -1%, which is a decrease of (\$7,363,125). This term refers to the Council's receivable from the Trust Fund and is augmented when the Office of Management and Budget (OMB) authorizes an allotment from the Trust Fund to provide the Council with budget authority for its operations, projects, and programs under the Council-Selected and Spill Impact Components. While funds are apportioned in their entirety for each FPL upon Council approval, the amount allocated for SEPs is based on estimates provided by the recipients regarding the timing and value of awards for their respective projects.

The balance within the Expenditure Transfers Receivable signifies the maximum cash amount that the Council can withdraw from the Trust Fund at any given time. This figure is determined by calculating the net variance between the apportioned amounts and the cash withdrawals from the Trust Fund. Although the Council has the ability to withdraw funds equivalent to the total appropriation amount, it has opted to only withdraw funds necessary for meeting quarterly obligations and expenses. This decision ensures that funds remain in the Trust Fund for a longer

duration, allowing them to accrue interest. Furthermore, 50% of the interest earned is allocated to the Council.

Property, Equipment, and Software observed a notable 8% increase, amounting to \$36,589. This growth can be attributed to the addition of extra modules for PIPER, which has contributed to the overall net result.

***Liabilities***

Liabilities for the Council for fiscal year 2023 and fiscal year 2022, respectively, are shown in Table 15. As of September 30, 2023, the Council's total liabilities were \$177,506,363, a decrease of \$44,351,945 or -20% over fiscal year 2022.

Table 15: Total Liabilities

Council Liabilities	FY 2023	FY 2022	Increase/ (Decrease)	% Change
Accounts Payable	\$967,989	\$400,236	\$567,753	142%
Federal Employees and Veterans Benefits Payable	\$9,022	\$8,514	\$508	6%
Advances from Others & Deferred Revenue	\$27,375	\$27,375	\$0	0%
Other Liabilities	\$176,501,977	\$221,422,183	(\$44,920,206)	(20%)
<b>Liabilities</b>	<b>\$177,506,363</b>	<b>\$221,858,308</b>	<b>(\$44,351,945)</b>	<b>(20%)</b>

The Council's Total Liabilities encompass a range of outstanding invoices and accruals from both public and federal partners. Notably, there has been a significant decrease of \$44,351,945 in the Council's Other Liabilities, primarily attributed to grant payables and contributions from various public and federal partners. Regarding grants management, the Council has successfully concluded twelve grants, resulting in a decrease of \$8.17 million in grants payable for FY2023.

The Council has observed a substantial increase in accounts payable owed to several public and federal partners. Notable entities include the Department of Health and Human Services, which handles grant management services, the United States Geological Survey responsible for PIPER development and maintenance services, the Administrative Resource Center for procurement services, the Interior Business Center, and Veterans Management Services Inc.

The Council's Employees and Veterans Benefits Payable represents the Council's outstanding obligations towards selected payroll benefits, specifically the Federal Employee Retirement System, Federal Employee Health Benefits, Flexible Spending Account, Federal Insurance Contributions Act, and hospital insurance taxes.

***Statement of Changes in Net Position***

Net Position for the Council for fiscal year 2023 and fiscal year 2022, respectively, are shown in Table 16. As of September 30, 2023, the Council’s Net Position was \$742,473,536 an increase of \$43,846,947, or 6%, from fiscal year 2022.

Table 16: Net Position

Net Position	FY 2023	FY 2022	Increase/ (Decrease)	% Change
Net Position	\$742,473,536	\$698,626,589	\$43,846,947	6%

The Council Cumulative Results of Operations is the net difference between expenses and financing sources since the inception of Council activities, including apportionments (financing sources), reimbursed and non-reimbursed revenues, expenses and imputed costs of employee benefits for life insurance and retirement. The increase in Net Position is due to the increase in financing sources, e.g., apportionments from the Trust Fund for the first two FPLs and SEP projects.

However, project development and application, review, and approval timelines coupled with long project completion or implementation timelines have resulted in large unobligated or unexpended balances and a lower net cost, thus generating a significant increase in Net Position. Since this was recorded on the proprietary accounts, it is shown as an off-setting increase and decrease in Budgetary Financing Sources and Non-Exchange Financing Sources.

***Net Cost***

Net Cost for the Council fiscal years 2023 and 2022, respectively, are shown in the table below. As of September 30, 2023, the Council’s Net Cost was \$16,437,836, a decrease of \$128,760,447 or -89%, from fiscal year 2022.

Table 17: Net Cost

Council Net Cost	FY 2023	FY 2022	Increase/ (Decrease)	% Change
Comprehensive Plan-Administrative Expense	\$1,701,730	\$1,362,085	\$339,645	25%
Comprehensive Plan-Program Expense	\$6,893,835	\$5,940,124	\$953,711	16%
Comprehensive Plan-Projects & Program (Grants)	(\$2,771,281)	\$54,361,529	(\$57,132,810)	(105%)
Spill Impact-State Expenditure Plan (Grants)	\$10,613,552	\$83,534,545	(\$72,920,993)	(87%)
<b>Net Cost</b>	<b>\$16,437, 836</b>	<b>\$145,198,283</b>	<b>(\$128,760,447)</b>	<b>(89%)</b>

The Comprehensive Plan Administrative, Programmatic, and Projects and Programs expenses, along with the Spill Impact Program expenses, have been meticulously recorded in the table above. Notably, the Council's operating costs have started to stabilize as the organization has reached a state of maturity in its operations.



Expenses classified as grants and any Interagency Agreements (IAAs) are either liquidated or accruals are posted accordingly. This fiscal year has witnessed a significant decrease in expenses within the Comprehensive Plan-Projects and Programs. The reason behind this decline can be attributed to the closure and de-obligation of twelve grants. These grants, which were finally closed out, led to a remarkable reduction in net costs, amounting to \$7.54M for fiscal year 2023. As of September 30, 2023, the Council has successfully concluded fifteen grants and one interagency agreement, all of which have achieved the status of "finally closed."

***Budgetary Resources Analysis***

Budgetary Resources for the Council fiscal years 2023 and 2022, respectively are shown in the table below. As of September 30, 2023, the Council’s Budgetary Resources were \$676,317,368 an increase of \$85,267,365, or 14%, from fiscal year 2022.

Table 18: Budgetary Resources

Council Budgetary Resources	FY 2023	FY 2022	Increase/ Decrease	% Change
Unobligated Balance Brought Forward, Oct 1	\$438,448,746	\$306,815,908	\$131,632,838	43%
New Spending Authority (from offsetting collections, e.g., the Trust Fund)	\$237,868,622	\$284,234,095	(\$46,365,473)	(16%)
<b>Total Budgetary Resources</b>	<b>\$676,317,368</b>	<b>\$591,050,003</b>	<b>\$85,267,365</b>	<b>14%</b>
Obligations Incurred	\$260,784,024	\$160,799,965	\$99,984,059	62%
Unobligated Balance, End of Year (Total)	\$415,533,344	\$430,250,038	(\$14,716,694)	(3%)

The reduction in budgetary resources is primarily attributed to a 16% decrease in new spending authority and an increase in the use of non-monetary amendments to original awards to cover new costs. The FY23 obligations incurred reflect the significant increase in the amount of new grant awards compared to last year’s obligations incurred.

**SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE**

The Federal Managers’ Financial Integrity Act (FMFIA) requires CFO Act agencies to establish controls that are effective in protecting assets from waste, loss, unauthorized use, or misappropriation. The Act also mandates that agencies keep accurate and complete records of revenues and expenditures to enable reliable financial and statistical reports while remaining accountable for assets.

To comply with FMFIA requirements, the agency head must provide an assurance statement that management controls and financial systems are adequate and adhere to government standards. Furthermore, the statement should assess the agency's compliance with FMFIA objectives. The Council has issued its annual assurance statement, which has been signed by the Executive Director and is available on the next page.



## **COUNCIL'S FMFIA STATEMENT OF ASSURANCE**

**November 14, 2023**

The Council has made significant strides in its commitment to the Federal Managers' Financial Integrity Act (FMFIA) by prioritizing the establishment and maintenance of robust internal control and financial management systems. Through thorough internal control reviews, the Council has been able to identify, evaluate, and mitigate significant risks promptly and effectively. The Council has successfully implemented internal control measures for its agreements, disbursements, and end-user controls. This demonstrates the Council's dedication to maintaining the highest standards of financial management, as no deficiencies or material weaknesses have been identified.

To ensure the reliability and accuracy of its financial reporting, the Council relies on the controls implemented by ARC (Accounting, Procurement, and General Computer Operations). After a comprehensive review of the ARC 2022 Statement on Standards for Attestation Engagements (SSAE) Number 18 report, no significant issues or deviations were found in the Council's financial reporting for fiscal year 2023. In its financial management operations, the Council utilizes the Department of Treasury Fiscal Services financial management system, Oracle Federal Financials. Annual examinations of this system consistently demonstrate compliance with federal financial management systems requirements and standards set by the Federal Accounting Standards Advisory Board (FASAB) and the U.S. Standard General Ledger (USSGL) at the transaction level.

In fiscal year 2023, the Council maintained a comprehensive Federal Information Security Modernization Act (FISMA) program for its information systems. This program adheres to the Risk Management Framework, which incorporates the security controls and requirements defined by the National Institute of Standards and Technology (NIST). Through periodic audits, the Council has effectively managed organizational risk and upheld a robust information security program. The Council is proud to provide an unqualified assurance regarding the objectives of Section 2 and Section 4 of FMFIA for fiscal year 2023. With its established and effective internal control over financial reporting, the Council is assured that internal controls are operating seamlessly. No material weaknesses have been identified in relation to internal controls over financial reporting.

The Council's unwavering commitment to upholding financial integrity and effective internal control is evident in its diligent efforts to establish and maintain robust systems. By continuously improving its financial and grants management controls and documentation, the Council ensures the highest standards of financial management and accountability. These measures, combined with the Council's dedication to continuous improvement, position it as a leader in the field of financial integrity and effective internal control.

/S/ Original signed

Mary S. Walker

Executive Director Gulf Coast Ecosystem Restoration Council

## **FORWARD LOOKING INFORMATION**

Going forward into FY 2024 and beyond, the Council is focused on enhancing its programmatic accomplishments, along with improving operational efficiencies and effectiveness in support of achieving the Council's vision. Early in FY 2024, the Council is set to approve an amendment to the Comprehensive Plan Commitment and Planning Support (CPS) FPL which will provide up to \$350,000 per year, per Council member over the five-period of 2024 through 2029 to advance its Comprehensive Plan. Work will also begin in FY 2024 on the development of the next FPL (FPL 4) with a target completion date of April 2026 with a funding level of approximately \$400 million to support Council-Selected ecosystem restoration projects. It is also expected that early in FY 2024, the Council will surpass a cumulative total of over \$1 billion in awards to its Council members through the Council-Selected and Spill Impact Components of the RESTORE Act.

Council staff have invested significant time and energy in assessing internal processes in both its grants and programmatic procedures to identify ways to improve the timeliness of the awarding and oversight processes to maximize efficiencies while minimizing risk to the degree that is practicable in compliance with all federal funding regulations. To that end, the staff sought and received approval from the Council in FY 2023 to hire two additional grant staff in FY 2024 to improve the timeliness of processing awards and amendments, as well as enhance financial oversight capabilities. In FY 2024, staff will continue to evaluate streamlining of programmatic evaluation protocols to improve the timeliness of reviewing award and amendment applications from Council members, building on successes completed to date.

## **II: FINANCIAL SECTION**

### **MESSAGE FROM THE CHIEF FINANCIAL OFFICER**

November 14, 2023

I am pleased to present our financial statements for fiscal year 2023. This report not only showcases our unwavering dedication to fulfilling our fiduciary obligations to the constituents in the Gulf Coast region but also highlights our commitment to the American public.

An audit report dated November 14, 2023, resulted in an unmodified opinion, signifying the integrity and accuracy of our financial data.

Throughout fiscal year 2023, the Council maintained an effective Information Assurance (IA) program in compliance with the Federal Information Security Modernization Act (FISMA). Our IA program uses the National Institute of Standards and Technology (NIST) Risk Management Framework (RMF), a highly efficient methodology for managing IA risk at acceptable levels and assists with meeting the requirements of FISMA. The Council implemented NIST RMF security controls and conducted thorough testing to validate their effectiveness.

We place great emphasis on internal control and have made it a cornerstone in the development and ongoing refinement of our policies, procedures, and automated systems. Our team consistently works to enhance administrative, finance, accounting, grants, and interagency agreement policies and procedures, ensuring they are thoroughly documented and continually improved with the growing expertise of our staff.

Our financial statements, prepared with utmost diligence, accurately reflect our financial position, net cost, changes in net position, and budgetary resources. They have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) for Federal entities, following the formats prescribed by the Office of Management and Budget (OMB).

In conclusion, this financial report serves as a testament to our unwavering commitment to transparency, accountability, and responsible financial management. We remain dedicated to meeting the needs of our constituents and ensuring the highest level of trust and confidence from the American public.

/S/ Original Signed

Vanessa C. Taylor

Chief Financial Officer

**Pages 46 - 51 have been moved to the front of this report prior to Section II:  
For the Transmittal Letter to the Chairperson see pages 46-47, now E - F,  
and  
For the Independent Auditors' Report see pages 48-51, now I - L.**



**GULF COAST ECOSYSTEM RESTORATION COUNCIL  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2023, AND 2022**

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**GULF COAST ECOSYSTEM RESTORATION COUNCIL**  
**BALANCE SHEETS**  
**AS OF SEPTEMBER 30, 2023 AND 2022**  
**(In Dollars)**

	2023	2022
<b>Assets:</b>		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 2)	\$ 275,714,094	\$ 268,892,757
Accounts Receivable, net (Note 3)	643,772,711	651,135,836
<b>Total Intragovernmental Assets</b>	<b>919,486,805</b>	<b>920,028,593</b>
Other than Intragovernmental Assets:		
Accounts Receivable, net (Note 3)	200	-
Property, Plant, and Equipment, net (Note 4)	492,894	456,304
<b>Total Other than Intragovernmental Assets</b>	<b>493,094</b>	<b>456,304</b>
<b>Total Assets</b>	<b>\$ 919,979,899</b>	<b>\$ 920,484,897</b>
<b>Liabilities :</b>		
Intragovernmental Liabilities:		
Accounts Payable	\$ 470,665	\$ 312,235
Advances from Others and Deferred Revenue	27,375	27,375
Other Liabilities (Note 5)	7,521,664	17,695,106
<b>Total Intragovernmental Liabilities</b>	<b>8,019,704</b>	<b>18,034,716</b>
Other than Intragovernmental Liabilities:		
Accounts Payable	497,324	88,001
Federal Employee and Veteran Benefits Payable	9,022	8,514
Other Liabilities (Note 5)	168,980,313	203,727,077
<b>Total Other than Intragovernmental Liabilities</b>	<b>169,486,659</b>	<b>203,823,592</b>
<b>Total Liabilities</b>	<b>\$ 177,506,363</b>	<b>\$ 221,858,308</b>
<b>Net Position:</b>		
Cumulative Results of Operations - Funds From Dedicated Collections	742,473,536	698,626,589
<b>Total Cumulative Results of Operations (Consolidated)</b>	<b>742,473,536</b>	<b>698,626,589</b>
<b>Total Net Position</b>	<b>\$ 742,473,536</b>	<b>\$ 698,626,589</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 919,979,899</b>	<b>\$ 920,484,897</b>

The accompanying notes are an integral part of these financial statements.

**GULF COAST ECOSYSTEM RESTORATION COUNCIL**  
**STATEMENTS OF NET COST**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**  
**(In Dollars)**

	2023	2022
<b>Program Costs:</b>		
<b>Comprehensive Plan - Administrative Expenses:</b>		
Gross Costs	\$ 1,701,730	\$ 1,362,085
<b>Net Comprehensive Plan - Administration Expenses</b>	<b>\$ 1,701,730</b>	<b>\$ 1,362,085</b>
<b>Comprehensive Plan - Programmatic Expense:</b>		
Gross Costs	\$ 6,928,835	\$ 5,984,249
Less: Earned Revenue	(35,000)	(44,125)
Total Comprehensive Plan - Programmatic Expenses	\$ 6,893,835	\$ 5,940,124
<b>Comprehensive Plan - Projects &amp; Programs (Grants):</b>		
Gross Costs	\$ (2,771,281)*	\$ 54,361,529
Total Comprehensive Plan - Projects and Programs (Grants)	\$ (2,771,281)	\$ 54,361,529
<b>Net Comprehensive Plan - Programmatic Expense Costs</b>	<b>\$ 4,122,554</b>	<b>\$ 60,301,653</b>
<b>Spill Impact - State Expenditure Plan (Grants):</b>		
Gross Costs	\$ 10,613,552	\$ 83,534,545
<b>Net Spill Impact Costs (Grants)</b>	<b>\$ 10,613,552</b>	<b>\$ 83,534,545</b>
<b>Net Cost of Operations</b>	<b>\$ 16,437,836</b>	<b>\$ 145,198,283</b>

\*Total Comprehensive Plan - Projects and Programs (grants) yields a negative gross cost of (\$2,771,281) which reflects actual costs totaling \$4,769,562, with a reduction of \$7,540,843 from closed out grants.

The accompanying notes are an integral part of these financial statements.

**GULF COAST ECOSYSTEM RESTORATION COUNCIL**  
**STATEMENTS OF CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**  
(In Dollars)

	2023	2022
<b>Unexpended Appropriations:</b>		
Beginning Balance	\$ -	\$ -
Beginning Balance, as Adjusted	\$ -	\$ -
<b>Total Unexpended Appropriations</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cumulative Results of Operations:</b>		
Beginning Balance	\$ 698,626,589	\$ 559,475,892
Beginning Balance, as Adjusted	\$ 698,626,589	\$ 559,475,892
Transfers-In/Out without Reimbursement	59,991,895	284,162,595
Imputed Financing (Note 7)	292,888	186,385
Net Cost of Operations	(16,437,836)	(145,198,283)
Net Change in Cumulative Results of Operations	43,846,947	139,150,698
<b>Total Cumulative Results of Operations</b>	<b>\$ 742,473,536</b>	<b>\$ 698,626,589</b>
<b>Net Position</b>	<b>\$ 742,473,536</b>	<b>\$ 698,626,589</b>

The accompanying notes are an integral part of these financial statements.



**GULF COAST ECOSYSTEM RESTORATION COUNCIL**  
**STATEMENT OF BUDGETARY RESOURCES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**  
**(In Dollars)**

	2023	2022
<b>Budgetary Resources:</b>		
Unobligated Balance From Prior Year Budget Authority, Net (Note 9)	\$ 438,448,746	\$ 306,815,907
Spending Authority from Offsetting Collections	237,868,622	284,234,095
<b>Total Budgetary Resources</b>	<b>\$ 676,317,368</b>	<b>\$ 591,050,002</b>
<b>Status of Budgetary Resources:</b>		
New Obligations and Upward Adjustments (Total)	\$ 260,784,024	\$ 160,799,964
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	407,345,123	430,029,416
Unapportioned, Unexpired Accounts	8,188,221	220,622
Unexpired Unobligated Balance, End of Year	415,533,344	430,250,038
Unobligated Balance, End of Year (Total)	415,533,344	430,250,038
<b>Total Budgetary Resources</b>	<b>\$ 676,317,368</b>	<b>\$ 591,050,002</b>
<b>Outlays, Net and Disbursements, Net:</b>		
Outlays, Net (Total)	\$ (6,821,336)	\$ (34,720,908)
<b>Agency Outlays, Net</b>	<b>\$ (6,821,336)</b>	<b>\$ (34,720,908)</b>

The accompanying notes are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

The Gulf Coast Ecosystem Restoration Council (Council) was established under the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act) (title I, subtitle F of PL 112-141) and section 311 of the Federal Water Pollution Control Act (FWPCA) (33 U.S.C. 1321). The Council is comprised of governors from the five affected Gulf States (Alabama, Florida, Louisiana, Mississippi and Texas), the Secretaries from the U.S. Departments of the Interior, Commerce, Agriculture, and Homeland Security, as well as the Secretary of the Army and the Administrator of the U.S. Environmental Protection Agency.

The Council reporting entity is comprised of a General Fund and General Miscellaneous Receipts. The Council is a party to interagency transfers with the Gulf Coast Restoration Trust Fund (Trust Fund). The interagency transfers are processed through the Intra-Governmental Payment and Collection (IPAC) System.

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues.

#### **B. Basis of Presentation**

The financial statements have been prepared to report the financial position and results of operations of the Council. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of the Council in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements, as amended, and the Council's accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control the Council's a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

#### **C. Basis of Accounting**

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates the control and monitoring of federal funds as well as the compliance with legal requirements on the use of those funds.

#### **D. Fund Balance with Treasury**

Fund Balance with Treasury is an asset of a reporting entity and a liability of the General Fund. It is the aggregate amount of the Council's funds with Treasury in expenditure, receipt, revolving, and deposit fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The Council does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. When the reporting entity seeks to use Fund Balance with Treasury or investments in Government securities to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, which is to borrow from the public if there is a budget deficit (and to use current receipts if there is a budget surplus). Funds are disbursed for the agency on demand. Foreign currency payments are made either by Treasury or the Department of State and are reported by the Council in the U.S. dollar equivalents.

### **E. Investment in U.S. Government Securities**

The Council has the authority to invest in U.S. Government securities. The securities include marketable Treasury securities and/or nonmarketable, market-based securities issued by the Bureau of the Fiscal Service. Market-based securities are Treasury securities that are not traded on any securities exchange but mirror the prices of marketable securities with similar terms. It is expected that investments will be held until maturity; therefore, they are classified as investment securities held to maturity and are carried at historical cost, adjusted for amortization of premiums and discounts. The amortization of premiums and discounts are recognized as adjustments to interest income using the level-yield, scientific method of effective interest amortization over the term of the respective issues. Interest on investments is accrued as it is earned.

### **F. Accounts Receivable**

Accounts receivable consist of amounts owed to the Council by other federal agencies and the general public. Amounts due from federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

### **G. Property, Equipment, and Software**

Property, equipment, and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at the original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. The Council's capitalization threshold is \$50,000 for individual purchases and \$500,000 for bulk purchases. Property, equipment, and software acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows:

<b>Asset Class</b>	<b>Useful Life</b>
Equipment	5 years
Leasehold Improvements	Lesser of Remaining Term or 7 Years
Software	5 Years

### **H. Advances and Prepaid Charges**

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions, and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

## **I. Liabilities**

Liabilities represent the amount of funds likely to be paid by the Council as a result of transactions or events that have already occurred.

The Council reports its liabilities under two categories, Intragovernmental and Other than Intragovernmental. Intragovernmental liabilities represent funds owed to another government agency. Liabilities other than intragovernmental represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave, deferred rent actuarial FECA, and the amounts due to Treasury for collection and accounts receivable of civil penalties and FOIA request fees. Deferred rent is the difference at year-end between the sum of monthly cash disbursements paid to date for rent and the sum of the average monthly rent calculated based on the term of the lease.

## **J. Annual, Sick, and Other Leave**

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees.

## **K. Retirement Plans**

The Council's employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the Council's matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984, through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987 are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and the Council matches any employee contribution up to an additional four percent of pay. For FERS participants, the Council also contributes to the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, the Council remits the employer's share of the required contribution.

The Council recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to the Council for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. The Council recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

The Council does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

**L. Other Post-Employment Benefits**

The Council's employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGSIP) may continue to participate in these programs after their retirement. The OPM has provided the Council with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The Council recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM and offset by the Council through the recognition of an imputed financing source.

**M. Use of Estimates**

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

**N. Classified Activities**

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

**O. Reclassification**

Certain fiscal year 2022 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

**NOTE 2: FUND BALANCE WITH TREASURY**

Fund Balance with Treasury account balances as of September 30, 2023 and 2022, were as follows:

	2023	2022
<b>Status of Fund Balance With Treasury:</b>		
Unobligated Balance		
Available	\$ 407,345,122	\$ 430,029,416
Unavailable	(169,653,506)	220,622
Obligated Balance Not Yet Disbursed	38,022,478	(161,357,281)
<b>Total</b>	<b>\$ 275,714,094</b>	<b>\$ 268,892,757</b>

	2023	2022
<b>Fund Balances (General Fund):</b>		
Comprehensive Plan - Administrative Cost	\$ 325,231	\$ 631,840
Comprehensive Plan - Program Cost		
Programmatic Expense	1,580,827	747,220
Projects and Programs (grants)	74,269,507	96,646,882
Spill Impact (grants)	199,538,529	170,866,815
<b>Total</b>	<b>\$ 275,714,094</b>	<b>\$ 268,892,757</b>

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

The available unobligated fund balances represent the current period amount available for obligation or commitment. At the start of the next fiscal year, this amount will become part of the unavailable balance as described in the following paragraph.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand.

**NOTE 3: ACCOUNTS RECEIVABLE, NET**

Accounts receivable balances as of September 30, 2023 and 2022, were as follows:

	2023	2022
Intragovernmental		
Accounts Receivable	\$ 643,772,711	\$ 651,135,816
<b>Total Intragovernmental Accounts Receivable</b>	<b>\$ 643,772,711</b>	<b>\$ 651,135,816</b>
Other than Intragovernmental		
Accounts Receivable	\$ 200	\$ -
<b>Total Other than Intragovernmental Accounts Receivable</b>	<b>\$ 200</b>	<b>\$ -</b>
<b>Total Accounts Receivable</b>	<b>\$ 643,772,911</b>	<b>\$ 651,135,816</b>

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2023 and 2022.

**NOTE 4: PROPERTY, PLANT, AND EQUIPMENT, NET**

Schedule of General Property, Plant, and Equipment, Net as of September 30, 2023 and 2022:

	Acquisition Cost	Accumulated Depreciation and Amortization	Net Book Value
<b>2023</b>			
<b>Major Class:</b>			
Software	576,587	241,757	334,830
Software In Development	158,064	-	158,064
<b>Total</b>	<b>\$ 734,651</b>	<b>\$ 241,757</b>	<b>\$ 492,894</b>
<b>2022</b>			
<b>Major Class:</b>			
Software In Development	273,904	-	273,904
Software	304,000	121,600	182,400
<b>Total</b>	<b>\$ 577,904</b>	<b>\$ 121,600</b>	<b>\$ 456,304</b>

#### NOTE 5: OTHER LIABILITIES

Other liabilities with related budgetary obligations represent intragovernmental grants payable in the amount of \$7,460,883 and other than intragovernmental grants payable of \$168,342,251.

Other liabilities account balances as of September 30, 2023, and 2022, were as follows:

	2023	2022
<b>Intragovernmental</b>		
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 12,988	\$ 12,606
Employer Contributions and Payroll Taxes Payable	47,793	43,164
Other Liabilities With Related Budgetary Obligations	7,460,883	17,639,336
<b>Total Intragovernmental</b>	<b>\$ 7,521,664</b>	<b>\$ 17,695,106</b>
<b>Other than Intragovernmental</b>		
Accrued Funded Payroll and Leave	\$ 638,062	\$ 599,889
Other Liabilities w/Related Budgetary Obligations	168,342,251	203,127,188
<b>Total Other than Intragovernmental</b>	<b>\$ 168,980,313</b>	<b>\$ 203,727,077</b>
<b>Total Other Liabilities</b>	<b>\$ 176,501,977</b>	<b>\$ 221,422,183</b>

#### NOTE 6: LEASES

The Council entered into an operating lease for 1,883 usable (2,399 rentable) square feet of office space with GSA in September 2014 in the Hale Boggs Federal Building/Courthouse in New Orleans. The Council entered their sixth year of occupancy effective October 1, 2016. The Council may relinquish space upon four months' notice. Thus, the Council's financial obligation will be reduced to four months of rent.

## NOTE 7: INTER-ENTITY COSTS

Council recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed revenue. Such imputed costs and revenues relate to employee benefits and claims to be settled by the Treasury Judgement Fund. Council recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees.

The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the years ended September 30, 2023 and 2022, respectively, inter-entity costs were as follows:

	2023		2022	
Office of Personnel Management	\$	292,888	\$	186,386
<b>Total Imputed Financing Sources</b>	<b>\$</b>	<b>292,888</b>	<b>\$</b>	<b>186,386</b>

## NOTE 8: UNDELIVERED ORDERS AT THE END OF THE PERIOD

Budgetary resources obligated for undelivered orders as of September 30, 2023 and 2022 were as follows:

	Federal		Non-Federal		Total
<b>2023</b>					
Paid Undelivered Orders	\$	-	\$	-	\$ -
Unpaid Undelivered Orders		45,203,845		459,223,364	504,427,209
<b>Total Undelivered Orders</b>	<b>\$</b>	<b>45,203,845</b>	<b>\$</b>	<b>459,223,364</b>	<b>\$ 504,427,209</b>
<b>2022</b>					
Paid Undelivered Orders	\$	20	\$	-	\$ 20
Unpaid Undelivered Orders		24,491,232		243,567,378	268,058,610
<b>Total Undelivered Orders</b>	<b>\$</b>	<b>24,491,252</b>	<b>\$</b>	<b>243,567,378</b>	<b>\$ 268,058,630</b>

The Budget with the Actual amounts for the current year, FY 2023 will be available at a later date at President's Budget | The White House (<https://www.whitehouse.gov>)

## NOTE 9: UNOBLIGATED BALANCES

Unobligated balances as of September 30, 2023, and 2022:

Prior Year's Unobligated Balance, End of Year	\$	430,250,038
Recoveries of Prior Year Obligations		8,198,675
Refunds collected of Prior Year Obligations		33
<b>Unobligated from Prior Year Budget Authority, net</b>	<b>\$</b>	<b>438,448,746</b>



## NOTE 10: RECONCILIATION OF NET COST TO NET OUTLAYS

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information.

The reconciliation of Net Cost to Net Outlays as of September 30, 2023:

	Intragovern- mental	Other than Intragovern- mental	Total
<b>Net Operating Cost</b>	<b>\$ 7,943,854</b>	<b>\$ 8,493,982</b>	<b>\$ 16,437,836</b>
<b>Components of Net Operating Cost Not Part of the Budgetary Outlays</b>			
Property, Plant, and Equipment Depreciation Expense	-	(120,157)	(120,157)
<b>Increase/(Decrease) in Assets:</b>			
Accounts Receivable, Net	(7,363,125)	200	(7,362,925)
<b>(Increase)/Decrease in Liabilities:</b>			
Accounts Payable	(158,429)	(409,322)	(567,751)
Federal Employee and Veteran Benefits Payable	-	(508)	(508)
Other Liabilities	10,173,442	34,746,764	44,920,206
<b>Financing Sources:</b>			
Imputed Cost	(292,888)	-	(292,888)
<b>Total Components of Net Operating Cost Not Part of the Budgetary Outlays</b>	<b>\$ 2,359,000</b>	<b>\$ 34,216,977</b>	<b>\$ 36,575,977</b>
<b>Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>			
Acquisition of Capital Assets	156,746	-	156,746
<b>Financing Sources:</b>			
Transfers Out (In) Without Reimbursements	(59,991,895)	-	(59,991,895)
<b>Total Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>	<b>\$ (59,835,149)</b>	<b>\$ -</b>	<b>\$ (59,835,149)</b>
<b>Total Net Outlays (Calculated Total)</b>	<b>\$ (49,532,295)</b>	<b>\$ 42,710,959</b>	<b>\$ (6,821,336)</b>
<b>Budgetary Agency Outlays, net</b>			<b>\$ (6,821,336)</b>

The reconciliation of Net Cost to Net Outlays as of September 30, 2022:

	Intragovern- mental	Other than Intragovern- mental	Total
<b>Net Operating Cost</b>	<b>\$ 21,557,826</b>	<b>\$ 123,640,457</b>	<b>\$ 145,198,283</b>
<b>Components of Net Operating Cost Not Part of the Budgetary Outlays</b>			
Property, Plant, and Equipment Depreciation Expense	-	(60,800)	(60,800)
<b>Increase/(Decrease) in Assets:</b>			
Accounts Receivable, Net	184,342,615	-	184,342,615
<b>(Increase)/Decrease in Liabilities:</b>			
Accounts Payable	271,821	229,584	501,405
Federal Employee and Veteran Benefits Payable	-	(828)	(828)
Advances from Others and Deferred Revenue	(27,375)	-	(27,375)
Other Liabilities	(6,359,572)	(73,965,655)	(80,325,227)
<b>Financing Sources:</b>			
Imputed Cost	(186,386)	-	(186,386)
<b>Total Components of Net Operating Cost Not Part of the Budgetary Outlays</b>	<b>\$ 178,041,103</b>	<b>\$ (73,797,699)</b>	<b>\$ 104,243,404</b>
<b>Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>			
<b>Financing Sources:</b>			
Transfers Out (In) Without Reimbursements	(284,162,595)	-	(284,162,595)
<b>Total Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>	<b>(284,162,595)</b>	<b>\$ -</b>	<b>(284,162,595)</b>
<b>Total Net Outlays (Calculated Total)</b>	<b>\$ (84,563,666)</b>	<b>\$ 49,842,758</b>	<b>\$ (34,720,908)</b>
<b>Budgetary Agency Outlays, net</b>			<b>\$ (34,720,908)</b>

**OTHER INFORMATION (UNAUDITED)**

**SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCE**

The following tables show that there were no material weaknesses or significant deficiencies in fiscal year 2023. This information is consistent with the Council’s FMFIA Statement of Assurance.

<b>Table 19 – Summary of Financial Statement Audit</b>					
Audit Opinion	<b>Unmodified</b>				
Restatement	<b>No</b>				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
<i>Total Material Weaknesses</i>	-	-	-	NA	-

<b>Table 20 – Summary of Management Assurances</b>						
<b>Effectiveness of Internal Control over Financial Reporting (FMFIA - § 2)</b>						
Statement of Assurance	<b>Unmodified</b>					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Material Weaknesses</i>	-	-	-	NA	NA	-
<b>Effectiveness of Internal Control over Operations (FMFIA - § 2)</b>						
Statement of Assurance	<b>Unmodified</b>					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Material Weaknesses</i>	-	-	NA	NA	NA	-
<b>Conformance with Financial Management System Requirements (FMFIA - § 4)</b>						
Statement of Assurance	<b>Conform</b>					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Non-Conformances</i>	-	-	NA	NA	NA	-

<b>Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FMFIA)</b>		
	<b>Agency</b>	<b>Auditor</b>
Federal Financial Management System Requirements	No lack of compliance noted	No lack of compliance noted
Applicable Federal Accounting Standards	No lack of compliance noted	No lack of compliance noted
USSGL at Transaction Level	No lack of compliance noted	No lack of compliance noted

**REVENUE FOREGONE**

The Council has no revenue forgone and does not collect taxes.

**MANAGEMENT PERFORMANCE CHALLENGES**

The Treasury Inspector General (IG) has oversight responsibility over the Council. The 2023 Management and Performance Challenges (OIG-CA-23-001) Report and the Council’s response are as follows:



## Gulf Coast Ecosystem Restoration Council

New Orleans, LA 70130

October 19, 2023

Richard K. Delmar  
Deputy Inspector General  
Department of the Treasury  
1500 Pennsylvania Avenue NW  
Room 4436  
Washington, DC 20220

**Re: Response to the OIG Report 2024 Management and Performance Challenges (OIG-CA-24-002)**

Thank you for the opportunity to review the Office of Inspector General's (OIG) 2024 Management and Performance Challenges (OIG-CA-24-002). As you have noted, the Gulf Coast Ecosystem Restoration Council (Council) is a small agency with many responsibilities under the *Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012* (RESTORE Act).

We appreciate your acknowledgment of the Council's accomplishments as we continue to strive to ensure an effective financial, IT, and grants management infrastructure for our agency. This includes the successful outcome of the Council's evaluation of its information security program and practices under the *Federal Information Security Modernization Act of 2014* (FISMA). The Council's information systems security program and practices were assessed as effective for the period April 1, 2022, through March 31, 2023. Additionally, for the ninth year in a row, the Council received unmodified opinions (also referred to as "clean opinions") on its financial statements.

We agree with your assessment of challenges facing the Council in Fiscal Year 2024, and we provide the following comments with respect to our current status in addressing these challenges.

**Challenge 1: Recruiting and Retaining a Highly Skilled Workforce (New).**

The Council agrees with your assessment that recruiting and retaining a highly skilled workforce is critical to its ability to accomplish its mission. We recognize that our staff are the agency's greatest asset and that there are inherent staffing challenges associated with managing routine turnover in a small agency. To some degree, this risk is mitigated by the broader relationships that exist with our member agencies. However, we agree that ongoing staff development is a key piece of our human

capital management. In addition, as our updated plan reflects, succession planning is and will remain a key focus for agency leadership.

## **Challenge 2: Federal Statutory and Regulatory Compliance (Repeat)**

The Council shares your assessment that compliance with all applicable federal laws and regulations is a core responsibility and key priority. As you note in your letter, agencies that administer federal financial assistance must comply with numerous laws and regulations, including the adoption of standardized data structures under the *Grants Reporting Efficiency and Agreement Transparency Act of 2019* (GREAT Act), which continues to be refined over time. To address these anticipated changes, the Council intentionally selected a shared federal service provider, the Health and Human Services (HHS) GrantSolutions system, to manage grant and interagency agreement (IAA) award data. In addition, the Council's Program Information Platform for Ecosystem Restoration (PIPER) system was developed under a Memorandum of Understanding with the U.S. Geological Survey (USGS). Its purpose is to collect, store, and manage scientific and programmatic data that GrantSolutions is not capable of tracking. PIPER can be customized as required to address standardized data structures and requirements as we continue to develop and refine these processes. On March 16, 2020, the Council deployed this grants management solution after ensuring a complete migration of key award data to each system. As ensuring the integrity of award data continues to be a high priority, internal controls, testing, and regular reconciliations between systems are in place.

We appreciate your acknowledgment of the Council's continued efforts to improve the overall functionality of our grants management systems. We recognize, as you have noted, that as a small organization, the Council faces ongoing challenges posed by GrantSolutions, including cost. The Council acknowledges that there are still some gaps in functionality as well as some level of risk associated with this two-system solution. In FY22, the Council invested in a custom BI Dashboard in GrantSolutions which provides custom reporting capabilities and increased accessibility to grant-related financial data. Additionally, the Council continues to evaluate the functionality of the PIPER system and is actively working on improvements to the system to manage and report on scientific and programmatic data. The Council continues to assess system needs as we work to determine which system or method will provide the most effective solution for meeting additional requirements currently not met by our systems.

## **PIIA**

With respect to payment integrity, the Council acknowledges the discrepancy with PaymentAccuracy.gov that occurred in FY 2022. Council staff have implemented the recommendations of the auditors from the FY 2023 *Payment Integrity Information Act* of 2019 (PIIA) audit. We have reviewed the FY 2023 Payment Integrity Annual Data Call Instructions and determined our submission requirements. Additionally, in line with the second recommendation, the

FY 2023 Annual Data Call requires all agencies' submissions be reviewed and approved by the Chief Financial Officer prior to submission.

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

The Council agrees with your assessment that compliance monitoring is a critical function for our agency. Grant and interagency agreement compliance monitoring will remain an ongoing focus of Council staff for the duration of the Council, and we continue to invest in this area. In response to increased award management workload, the Council funded two additional grants specialists, either contractual or staff positions, and we have initiated recruitment. We continue to utilize the Grants monitoring Risk Analysis and Screening Tool to target oversight, and we will benefit from increased staff resources as we focus our oversight efforts.

Again, thank you for providing us the opportunity to review this report. In Fiscal Year 2024, the Council will use this evaluation to continue to improve its processes. We appreciate the ongoing cooperation and support that we receive from your staff, and we look forward to working with you in the year ahead.

Sincerely,

/S/

Mary S. Walker  
Executive Director  
Gulf Coast Ecosystem Restoration Council



**DEPARTMENT OF THE TREASURY**  
**WASHINGTON, D.C. 20220**

October 11, 2023

OFFICE OF  
INSPECTOR GENERAL

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

Re: 2024 Management and Performance Challenges (OIG-CA-24-002)

Dear Chairperson Regan:

As required by the Reports Consolidation Act of 2000, 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). As the Coronavirus Disease 2019 (COVID-19) pandemic came to its official end in May 2023, we anticipate the direct impact on the Council's operations will be reduced moving forward. That said, we will continue to communicate with Council officials regarding any impact of COVID-19. Another ongoing matter has been the Council's organizational structure. Over the past few years, we have addressed the loss of key leadership positions. While senior leader vacancies were filled a few years ago, we continue to note organizational changes related to the departures of retiring staff. Thus, going into Fiscal Year (FY) 2024, we present a new challenge and continue to report the following two challenges from the prior year:

- Recruiting and Retaining a Highly Skilled Workforce (new 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 Council's sixth evaluation of its information security program and practices under the Federal Information Security Modernization Act of 2014 (FISMA).<sup>1, 2</sup> Under the latest evaluation, we responded to the FY 2023 core and supplemental metrics from the Office of Management and Budget's (OMB) FY 2023-2024 Inspector General (IG) FISMA

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<sup>1</sup> Public Law 113-283 (December 18, 2014).

<sup>2</sup> OIG, The Gulf Cost Ecosystem Restoration Council Federal Information Security Modernization Act of 2014 Evaluation Report for Fiscal Year 2023, (OIG-CA-23-036; July 27, 2023).



*Reporting Metrics*, Version 1.1, dated February 10, 2023.<sup>3</sup> For FY 2023, 20 supplemental metrics were evaluated in addition to the 20 core metrics that were evaluated in FY 2022. 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 systems security program and practices were assessed as effective for the period April 1, 2022, through March 31, 2023. Additionally, for the ninth year in a row, the Council received unmodified opinions (also referred to as "clean opinions") on its financial statements.<sup>4</sup>

We also commend the Council for its efforts to improve and maintain the overall functionality in the multi-system solution that replaced the Council's original grant management system, the Restoration Assistance, and Award Management System (RAAMS). Recently, the Council invested in the development of a custom business intelligence (BI) dashboard through GrantSolutions, a grant and program management Federal shared service provider under the U.S. Department of Health and Human Services (HHS), to aid in reporting and tracking. In addition, the Council has successfully completed the data migration from RAAMS to GrantSolutions, the Program Information Platform for Ecosystem Restoration (PIPER), and the Council's internal network.

However, despite the successful management of operations, we believe evolving technology and the mature organizational structure pose risks to the Council's ongoing achievements. Specifically, we report the following challenges.

### **Challenge 1: Recruiting and Retaining a Highly Skilled Workforce (New)**

After we issued last year's letter, we learned that two of the four Directors, the Director of Grants/Interagency Agreements (IAA) and Compliance and the Director of Restoration Programs retired. As a result, the Council restructured the organization, by changing both former director positions to supervisors, instead of replacing the vacant positions. The downgrade in position level from directors to supervisors included moving the policy decisions for the Grants/IAs and Compliance and the Programs teams to the Executive Director and Deputy Executive Director. The change in positions also resulted in the removal of the Grants/IAs and Compliance team leader position, which previously reported to the Director. However, prior to the Grants/IAs and Compliance Director's retirement, the Council hired an additional Grants Specialist to maintain the staffing level of the team during the Team Leader's transition into the supervisor position.

The Council's organization now includes two director-level positions: the Chief Financial Officer and the Director of Administration; two supervisor-level positions: the Program Supervisor and the Grants/IAs and Compliance Supervisor; and one Science and Data Management Advisor. Both the Program Supervisor and the Science and Data Management Advisor were hired from Council Member Agencies,<sup>5</sup> and the Council's internal Grants/IAs and Compliance Team Leader was promoted to the supervisor

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<sup>3</sup> 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.

<sup>4</sup> OIG, Audit of the Gulf Coast Ecosystem Restoration Council's Financial Statements for Fiscal Years 2022 and 2021, (OIG-23-008; November 15, 2022).

<sup>5</sup> Council Member Agencies include the U.S. Environmental Protection Agency, the U.S. Department of Agriculture, the

position. All five staff-level leaders report directly to the Deputy Executive Director. With these organizational changes, it is imperative that leadership communicates and works together to achieve the Council's mission.

Even though the Council opted to hire/promote staff members with Council operations experience, there is still operational risk from loss of institutional knowledge due to impending retirements. Since the Council is a small agency that needs to maintain a highly skilled workforce, any turnover significantly impacts staff workload and institutional knowledge. Because the Council anticipates more turnover of retirement-eligible employees, the loss of institutional knowledge will continue to be a challenge. Therefore, as individuals move into new roles, 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 leadership 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) that will need the oversight of experienced individuals. While the new supervisors have direct experience or familiarity with the Council's processes and responsibilities, we believe the Council should continue training and developing staff with continuity of operations in mind.

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 its succession plan to reflect the recent reorganization. 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. With the Council's restructuring and other staff turnover looming, we believe that keeping an updated succession plan in place will aid the Council in administering its programs effectively.

### **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 level, 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 posed by GrantSolutions, such as limitations with the timeliness of the integration of GrantSolutions and the Bureau of the Fiscal Service (BFS) Administrative Resource Center's (ARC) financial accounting system, and costliness in operating GrantSolutions. Specifically, the cost of GrantSolutions is increasing by almost 25 percent between FYs 2023 and 2024. Additionally, as reported in prior years, GrantSolutions has functionality limitations that prevent the system from being customized to fit all of the Council's needs. The Council also continues to experience challenges trying to integrate GrantSolutions with the BFS ARC financial accounting system, which processes and reports the Council's financial data.

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. Even with the data migration from RAAMS completed, the multisystem solution continues to impact the workload of staff who balance post-deployment duties. 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 increases.

In the meantime, the Council continues to implement some features in GrantSolutions and PIPER incrementally to help meet reporting and tracking needs, such as the BI dashboard noted above. However, further functionality of GrantSolutions and PIPER is critical to the Council's continued compliance with FISMA, the Digital Accountability and Transparency Act of 2014 (DATA Act),<sup>6</sup> and future improper payment reporting required by the Payment Integrity Information Act of 2019 (PIIA).<sup>7</sup> 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).<sup>8</sup> As noted below, this will increase the responsibilities and workloads of the Council staff.

#### DATA Act

One of the purposes of the DATA Act was to increase accountability and transparency of federal spending. Agencies must report spending data for publication on USAspending.gov on a recurring schedule. In our third and final mandated DATA Act audit, we found that, while the Council's data for the fourth quarter of FY 2020 was of excellent quality overall, but there were errors in certain data elements.<sup>9</sup> We made four recommendations, which Council management agreed to correct in its written response to our audit report. Council had previously corrected three of the recommendations, and, since the issuance of our last challenges letter, officials provided updated documentation for the remaining item. While we consider all four recommendations closed, it is critical that the Council continue to implement and maintain the functionality of GrantSolutions and PIPER to comply with the DATA Act's goal of reporting quality data.

#### 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 are to transform the payment integrity compliance framework and

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<sup>6</sup> Public Law 113-101 (May 9, 2014).

<sup>7</sup> Public Law 116-117, (March 2, 2020).

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 improper payments. OMB Circular A-136, Financial Reporting Requirements (May 19, 2023), 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 2022 and found that the Council published its payment integrity information with its annual financial statement on the agency's website.<sup>10</sup> 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.<sup>11</sup>

However, 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 actually has 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. Regarding the first recommendation, the Council informed us that they have already begun reviewing the FY 2023 Payment Integrity Annual Data Call Instructions to determine their submission requirements. Additionally, OMB added a requirement to the FY 2023 Annual Data Call that all agencies' submissions have to be reviewed and approved by the Chief Financial Officer prior to submission, which directly aligns with our second recommendation.

## 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 will need 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.<sup>12</sup> The Council informed us that they were committed to working with

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<sup>8</sup> Public Law 116-103; (December 30, 2019).

<sup>9</sup> OIG, DATA Act: Council Met DATA Act Reporting Requirements but Improvements Are Needed, (OIG-22-007; (November 3, 2021)

<sup>10</sup> 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).

<sup>11</sup> Per OMB M-21-19, the statutory threshold is the total amount of improper payment and unknown payment estimate that is 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 improper payment and unknown payment amount represents. 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.

GrantSolutions, which was updating the grant system to accommodate these changes, to ensure all necessary processes are compliant by the deadline.

While the Council generally met its Federal statutory and regulatory compliance requirements overall in FY 2023, as well as completing the data migration from RAAMS to GrantSolutions, PIPER, and the Council's network drive, there is still an inherent risk to data integrity, especially as it pertains to manual transfers. Therefore, the Council must continue to scrutinize the migrated 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 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 also 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 include 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 2023, Council staff completed four financial desk reviews and four on-site/virtual site visits related to programmatic reviews. Six additional financial desk reviews and five programmatic reviews were planned for FY 2023 and were postponed due to a lack of activity on the awards. Overall, the Council reviewed four of seven awards made to State recipients and two of six awards made to Federal agencies.

Since last year, awards have increased from 151 to 166 grants. As of July 24, 2023, grants and IAAs are valued at approximately \$880 million under the Council-Selected Restoration Component (\$278 million) and the Spill Impact Component (\$602 million) combined. Furthermore, approved State Expenditure Plans under the Spill Impact Component includes projects exceeding \$1.17 billion. As the number of awards and their complexity increases moving forward, additional monitoring will be required, further adding to the Council's workload. As the program matures, 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 has been a challenge, and 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. As noted above, the Council reorganized to replace the Director of Grants/IAAs and Compliance position with a lower-graded supervisory position. This change allowed the Grants/IAAs and Compliance Supervisor to focus on grant oversight and monitoring rather than policy. The organizational transitions at the Council discussed above (Challenge 1) ultimately led to the postponement of multiple site visits, resulting in staff

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<sup>12</sup> 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.

completing fewer financial desk reviews and programmatic reviews in FY 2023 than in FY 2022. However, the Council recently approved the addition of two new grant specialist positions and began the recruiting process. The additional staff will help with oversight and monitoring of the increasing volume of grant recipients and IAAs.

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Grant and IAA monitoring and oversight continue to be an area of inherent risk. In its efforts to improve compliance monitoring with a limited number of employees, the Council has implemented an ongoing improvement process to focus on better efficiencies and effectiveness in their processes. More specifically, Council staff developed and implemented the Grants Monitoring Risk Analysis and Screening Tool to evaluate the potential need for additional oversight for each Council award. This tool articulates risk factors that could affect the Council's awards and provides an overall weighted risk score for each award that facilitates targeted selection of awards for advanced monitoring.

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. Federal statutory and regulatory compliance and monitoring of grants and IAAs will be a central focus of future work.

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  
Deputy Inspector General  
Department of the Treasury

cc: Mary Walker, Executive Director

## **PAYMENT INTEGRITY INFORMATION ACT**

The U.S. Department of the Treasury (Treasury), in coordination with the U.S. Department of Justice and the Office of Management and Budget, established the PaymentAccuracy.gov website, located at <https://paymentaccuracy.gov>, to create a centralized location to publish information about U.S. government improper payments made to individuals, organizations, and contractors. This website also provides a centralized place where suspected incidents of fraud, waste, and abuse can be reported, and contains information about (1) current and historical rates and amounts of improper payments; (2) why improper payments occur; and (3) what agencies are doing to reduce and recapture improper payments.

Additionally, PaymentAccuracy.gov contains the Council's data for overpayments identified in FY 2022 and overpayments verified as recaptured in FY 2022, through all sources. The website also contains information about other Council payment integrity and fraud-related information, including payment integrity information that was included in the Council's previous Agency Financial Reports (AFR) and that is no longer required to be included in this fiscal year's AFR payment integrity reporting for the Council.

## **BIENNIAL REVIEW OF USER FEES**

The Council does not charge user fees for services and things of value.

## **GRANTS PROGRAM**

The total number of grants/cooperative agreement awards and balances in which closeout has not occurred, but the period of performance elapsed before September 30, 2021.

Table 19 Summary table of the total number of awards and balances expired but not closed.

CATEGORY	2-3 Years	4-5 Years	More than 5 years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	-	-	-
Number of Grants/Cooperative Agreements with Undisbursed Balances	5	-	-
Total Amount of Undisbursed Balances	\$37,279	-	-

The Council has fulfilled all necessary steps to conclude the five Interagency Agreements (IAAs) that have expired but remain open. However, the Council is presently awaiting the recipients' signature and return of the FS Form 7600B, an essential requirement for the final closure of these agreements. As the Council receives the signed forms, they will be promptly processed in the grants management system to finalize the closures.



## **REPORT WASTE, FRAUD, AND ABUSE**

Submit a complaint regarding Treasury OIG Treasury Programs and Operations using our online form: <https://oig.treasury.gov/report-fraud-waste-and-abuse>

## **TREASURY OIG WEBSITE**

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