



**FY 2025 ANNUAL FINANCIAL REPORT
GULF COAST ECOSYSTEM RESTORATION COUNCIL**

GULF COAST ECOSYSTEM RESTORATION COUNCIL

AGENCY FINANCIAL REPORT

FISCAL YEAR 2025

This Agency Financial Report for fiscal year 2025 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:

- ◆ *Antideficiency Act;*
- ◆ *Federal Managers' Financial Integrity Act (FMFIA) of 1982;*
- ◆ *Chief Financial Officers (CFO) Act of 1990;*
- ◆ *Government Performance and Results Act (GPRA) of 1993 as amended by the Government Performance and Results Act Modernization Act (GPRAMA) of 2010;*
- ◆ *Government Management Reform Act of 1994;*
- ◆ *Debt Collection Improvement Act of 1996;*
- ◆ *Federal Financial Management Improvement Act of 1996;*
- ◆ *Reports Consolidation Act of 2000;*
- ◆ *Accountability of Tax Dollars Act (ATDA) of 2002;*
- ◆ *Digital Accountability and Transparency Act of 2014 (DATA Act);*
- ◆ *Federal Information Security Modernization Act of 2014;*
- ◆ *Payment Integrity Information Act of 2019 (PIIA); 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/annual-financial-reports/>

Table of Contents

MESSAGE FROM THE EXECUTIVE DIRECTOR	3
I. MISSION AND ORGANIZATIONAL STRUCTURE	5
A. Council-Selected Restoration Component.....	8
B. Spill Impact Component.....	10
C. Improving Operational Efficiencies	10
II. ANALYSIS OF FINANCIAL STATEMENTS.....	12
III. ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE	25
A. Internal Controls over Financial Reporting and Operations	25
B. Federal Financial Integrity Act Assurance Statement	26
C. Federal Information Security Modernization Act Assurance Statement.....	26
SECTION II: FINANCIAL SECTION.....	27
MESSAGE FROM THE CHIEF FINANCIAL OFFICER	27
Inspector General's Transmittal Letter	28
Independent Auditor's Report.....	30
FINANCIAL STATEMENTS	34
BALANCE SHEETS	35
STATEMENTS OF NET COST.....	36
STATEMENTS OF CHANGES IN NET POSITION.....	37
STATEMENTS OF BUDGETARY RESOURCES.....	38
NOTES TO THE FINANCIAL STATEMENTS	39
SECTION III: OTHER INFORMATION (UNAUDITED).....	48
I. SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCE....	48
II. REVENUE FOREGONE	49
III. MANAGEMENT AND PERFORMANCE CHALLENGES	49
IV. PAYMENT INTEGRITY INFORMATION ACT	57
V. BIENNIAL REVIEW OF USER FEES.....	59
VI. GRANTS PROGRAM.....	59



Gulf Coast Ecosystem Restoration Council
New Orleans, LA 70130

MESSAGE FROM THE EXECUTIVE DIRECTOR

December 18, 2025

I am pleased to submit the Agency Financial Report (AFR) for the Gulf Coast Ecosystem Restoration Council (Council) for fiscal year 2025 (FY 2025). 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).

By working closely with its restoration partners, the RESTORE Council is making significant progress in meeting its vision of "A healthy and productive Gulf ecosystem achieved through collaboration on strategic restoration projects and programs." Funding provided through the Council supports comprehensive Gulf Coast restoration, protecting communities from coastal flooding, creating and strengthening coastal economies, and providing substantial environmental and economic benefits to current and future generations. In April 2025, the RESTORE Council released a 15-year commemorative report, [Reflection on Restoration and Partnerships](#), highlighting its progress in implementing meaningful ecosystem and economic restoration across the Gulf Coast. Over its lifetime, the RESTORE Council will invest over \$3 billion in restoration activities along the Gulf Coast.

The RESTORE Council reached another significant milestone in FY 2025 with the approval for release of its fourth major draft Funded Priorities List, which includes over \$403 Million in new funding proposed for water quality improvement, habitat conservation and restoration, and other ecosystem projects and programs across the Gulf Coast. This Draft 2026 Funded Priorities List (FPL) proposal includes 19 ecosystem restoration projects and programs which build upon over \$685 million in restoration activities previously identified by the RESTORE Council.

Throughout FY 2025, the Council awarded \$104 million through 16 new awards: 2 from the Council-Selected Restoration Component (FPL) and 14 from the Spill Impact Component (SEP). The Council also completed 24 monetary amendments of existing awards, totaling \$84.4 million, a 26% increase in funding from the previous year. During FY 2025, the Council also processed 38 non-monetary awards, and 22 Administrative Adjustments to carry out projects and programs under the RESTORE Act, as well as 14 award closeouts. These awards now bring the total amount awarded by the Council to \$1.338B in funding for restoration activities across the Gulf Coast region using funds from the Deepwater Horizon oil spill settlement. These awarded funds include: \$493.74M under the Council-Selected Restoration Component, and \$821.0M under the Spill Impact Component.

As the Council continues to work towards achieving the goals and objectives of the Comprehensive Plan it emphasizes sound management of its funding and resources. This is

evidenced by the successful navigation of multiple critical audits including the financial statement audit, improper payment audit, and DATA Act transparency audit, achieving zero findings across all examinations and zero questioned costs. Based on a robust internal control framework that proactively identified and resolved potential compliance issues before external review, as well as a thorough understanding of applicable federal regulations including OMB Circulars, FMFIA, and Treasury guidelines, the Council once again received an unqualified opinion on the FY 2025 financial statement audit - marking the Council's eleventh consecutive year of unqualified opinions- with zero questioned costs, zero material weaknesses, and zero significant deficiencies. Further, the Council had a successful FY 2025 audit outcome for its information security program and practices under the *Federal Information Security Modernization Act of 2014* (FISMA).^{1,2} Under the latest evaluation, the Council responded to the core and supplemental metrics from the Office of Management and Budget's (OMB) FY 2025 Inspector General FISMA Metrics Evaluator's Guide ver. 4.0 April 30, 2024.³

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 is operating effectively at the highest federal standards. I assess that the performance and financial data presented in this report are complete and reliable. No material inadequacies have been identified. As detailed in Section III.1, the Council has no material weaknesses in internal control for FY 2025. The Council looks forward to serving the people of the Gulf Coast through its continuing efforts in carrying out comprehensive ecosystem restoration 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

¹ Public Law 113-283 (December 18, 2014).

² OIG, *The Gulf Coast Ecosystem Restoration Council Federal Information Security Modernization Act of 2014 Evaluation Report for Fiscal Year 2025*, (OIG-CA-25-053; August 1, 2025).

³ 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 (UNAUDITED)

I. MISSION AND ORGANIZATIONAL 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 Clean Water Act (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 Council administers the expenditure of 60% of the funds deposited in the Trust. 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 and the Council's structure and operations can be found in previous [AFRs](#) on the [Council's website](#) and the [Comprehensive Plan](#).

The RESTORE Council recognizes that healthy ecosystems support thriving and resilient coastal communities through clean water, abundant fisheries, and storm protection. Ecosystem restoration activities provide many social, economic, cultural, and environmental benefits for their regions. For example:

- Coastal habitats such as mangroves, seagrasses, and coral reefs support a vast array of marine and terrestrial species like oysters, sea turtles, and many commercially and recreationally significant fish that rely on coastal and estuarine habitats for spawning and nursery grounds. Restoring these areas supports local fisheries, ensuring long-term food security and economic stability for fishing communities.
- Delivery of nutrients and other pollutants to coastal waters has created water quality problems across the northern Gulf, compromising living resources as well as recreational and economic opportunities. The RESTORE Council's water quality investments aim to reduce nutrient and pollutant loading, which is often important for restoring aquatic habitats and other living resources sensitive to water quality impairment (e.g., seagrasses and oysters).
- Investing in ecosystem restoration and healthy coastlines sustains local communities by attracting tourists and creating jobs in conservation and ecotourism.
- In addition, restoration projects and programs support economies locally and across the Gulf region, both directly in the form of restoration-related jobs and indirectly through a

healthier and more productive ecosystem. In implementing these activities, RESTORE Council members leverage funding from a variety of sources to maximize project benefits and promote large-scale ecosystem and economic restoration.

Under the RESTORE Act (33 U.S.C. § 1321), the Council's statutory mission is to develop and implement a Comprehensive Plan for ecosystem restoration in the Gulf Coast region. The Council administers funds from the Gulf Coast Restoration Trust Fund to support activities that restore and protect the natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, coastal wetlands, and economy of the Gulf Coast region. By working closely with its restoration partners, the RESTORE Council is making significant progress toward comprehensive Gulf Coast restoration, protecting communities from coastal flooding, creating and strengthening coastal economies, and providing substantial environmental and economic benefits to current and future generations.

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.

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.

The use of a watershed/estuary-based approach for comprehensive ecological restoration is a fundamental component of the [Comprehensive Plan](#). 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 this 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 [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 addition, these geographic areas reflect the anticipated collaboration — among members, among funding partners, and across states — needed to address broader environmental stressors.

The RESTORE Council's strategy for achieving a healthy Gulf is founded on goals and objectives set forth in the Council's Comprehensive Plan. Additionally, the RESTORE Council committed to an overarching framework for an integrated and coordinated approach to region-wide Gulf Coast restoration and to help guide the collective actions at the local, state, tribal, and federal levels.

Figure 1: Restore Council's Goals as defined in the Comprehensive Plan.

Goal 1	Restore and Conserve Habitat - Restore and conserve the health, diversity, and resilience of key coastal, estuarine, and marine habitats.
Goal 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.
Goal 3	Replenish and Protect Living Coastal and Marine Resources - Restore and protect healthy, diverse, and sustainable living coastal and marine resources.
Goal 4	Enhance Community Resilience - Build upon and sustain communities with the capacity to adapt to short and long-term changes.
Goal 5*	Restore and Revitalize the Gulf Economy - Enhance the sustainability and resilience of the Gulf economy.

*Goal 5: "Restore and Revitalize the Gulf Economy" focuses on reviving and supporting a sustainable Gulf economy. While a healthy ecosystem does benefit the economy, this goal does not apply directly to the Council-Selected Restoration Component. This goal directly pertains to expenditures by the Gulf Coast States authorized in the RESTORE Act under the Spill Impact Component (administered by the RESTORE Council) and ensures that these investments can be considered in the context of comprehensive restoration.

A. Council-Selected Restoration Component

The RESTORE Act called for a regional approach to restoring the long-term health of the valuable natural ecosystems and economy of the Gulf Coast region. The Council is responsible for developing a Comprehensive Plan to guide a coordinated, regionwide effort to restore, protect, and revitalize the Gulf Coast. On September 14, 2022, the RESTORE Council voted to approve the 2022 Comprehensive Plan Update: Restoring the Gulf Coast's Ecosystem and Economy ([2022 Comprehensive Plan Update](#)).

The Council's 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 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.

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.

The Council approved its first FPL, the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act Initial Funded Priorities List, in December 2015 (2015 Initial FPL). A subsequent review of the process used to develop the 2015 Initial FPL included input from both Council members and the public. Following completion of this review, the Council developed the 2016 Comprehensive Plan Update. The 2016 Comprehensive Plan Update further emphasized the Council's commitments to collaborate among members, potential funding partners, and the public; increase public engagement and transparency; and refine its BAS practices.

To advance these commitments, the Council approved a second FPL in January 2018, referred to as the 2017 Commitment and Planning Support Funded Priorities List (2017 CPS FPL). Rather than funding specific restoration projects or programs, the 2017 CPS FPL dedicated funds over a five-year period to help Council members meet the commitments of the 2016 and 2022 Comprehensive Plan Updates and identify potential areas for future FPL proposal development.

Through this collaborative process, the Council recognized that developing 2020-21 Funded Priorities List 3 (referred to as 2020-21 FPL 3 or 2020-21 FPLs 3a and 3b) in two phases would enable the Council to fund projects requiring near-term attention as well as take advantage of important partnership opportunities to advance large-scale ecosystem restoration. The first phase, 2020 Funded Priorities List 3a (2020 FPL 3a), was approved by the Council in February 2020. The second phase, 2021 Funded Priorities List 3b (2021 FPL 3b), was approved in April 2021.

During FY 2025, the Council proposes to commit approximately \$403,654,000 in new funding for water quality improvement, habitat conservation and restoration, and other ecosystem projects and programs across the Gulf Coast. This 2026 FPL proposal includes 19 ecosystem restoration projects and programs, which build upon over \$685 million in restoration activities previously identified by the Council. In addition, the RESTORE Council proposes to reallocate \$9,605,860 in savings from previously approved projects and programs to further support activities in this draft FPL.

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 the 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. Improving Operational Efficiencies

The Council continued its efforts at enhancing grant and programmatic efficiencies resulting from the culminated effort of 14 sprint meetings ending in FY 2025 that identified opportunities to improve and streamline the Council’s award process while ensuring compliance with regulations, and the Council’s commitments, and reducing overall risk. Improvements include:

- Reduced the number of Program staff involved in the same application/amendment reviews to improve workload capacity and leverage staff’s knowledge and capability.
- Updated Technical Oversight Plan for FY 2025 in coordination with Grants Team.
- Established a tool to improve the tracking of application and amendment reviews. The tool provides management and staff with clear expectations of review due dates, status, and next steps.

- Eliminated redundant Program review questions, eliminated separate Program Application Data review, finalized changes to leveraging categories, revised ODP template and applicability guidance, implemented BAS intake review and internal review, coordinated in the finalization of updated BAS SOP, revised Field Monitoring Visit form and created new Field Site Visit form, and revised annual Performance Report and created new Final Performance Report.

Further, in response to the OMB directives that all federal agencies update award terms and conditions, internal agency policies, templates and other program documents, the Council finalized its update on the General Terms and Conditions resulting in reduced reporting requirements and increased efficiency in grant operations.

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.

II. ANALYSIS OF FINANCIAL STATEMENTS

The accompanying financial statements present the financial position, net costs, changes in net position, and budgetary resources of the Gulf Coast Ecosystem Restoration Council as of and for the fiscal year ended September 30, 2025. The financial statements have been prepared to report the financial position and results of operations of the Council, consistent with the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of the Council in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB Circular A-136. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

A. Funding Structure

The Council operates as a dedicated expenditure entity funded exclusively through the Gulf Coast Restoration Trust Fund established under the RESTORE Act. The Council does not receive discretionary appropriations through the annual appropriations process. Instead, budgetary resources consist entirely of mandatory funding derived from civil and administrative penalties paid by responsible parties in connection with the Deepwater Horizon oil spill.

The Council administers two distinct funding components under the RESTORE Act:

1. Council-Selected Restoration Component

Provides funding for ecosystem restoration projects and programs selected through the Council's competitive planning process, including:

- **Council-Selected Program Expense Funds** – Support restoration project implementation
- **Council-Selected Administrative Funds** – Support Council operations, planning, administrative costs, and comprehensive planning activities

2. Spill Impact Component

Provides formula-based grants directly to the five Gulf Coast states (Alabama, Florida, Louisiana, Mississippi, and Texas) for implementation of state-approved restoration projects under State Expenditure Plans.

B. Apportionments

The Council receives apportionments from the Office of Management and Budget that establish spending authority for Trust Fund resources.

During fiscal year 2025, the Council received apportionments of \$8.37 million for administrative operations. Since the program's inception in fiscal year 2013 through September 30, 2025, the Council has received cumulative apportionments totaling:

- Council-Selected Administrative Funds: \$16.46 million
- Council-Selected Projects and Programs: \$618.75 million
- Council-Selected Restoration Component Total: \$635.21 million
- Spill Impact Component: \$957.82 million

As of September 30, 2025, trust fund balances available for future restoration activities are:

- Total Comprehensive Plan (Council-Selected Restoration Component): \$554.03 million
- Spill Impact Component: \$93.97 million

These balances represent resources available for obligation to approved restoration projects and programs in accordance with the Council's Comprehensive Plan and approved State Expenditure Plans.

C. Administrative Cost Limitations

The RESTORE Act sets a statutory cap on administrative expenses, limiting the use of Council-Selected Restoration Component funds for administrative purposes to no more than 3 percent. This cap is enforced through Treasury regulations at 31 CFR § 34.204(b), as amended on September 28, 2016.

The regulation specifies that the 3 percent limit applies to:

- Funds received by the Council under the Council-Selected Restoration Component prior to the termination of the Trust Fund
- The aggregate of funds received by the Council and funds allocated but not yet disbursed under 31 CFR § 34.103

The Council maintains rigorous tracking and monitoring systems to ensure full compliance with this statutory limitation. Administrative costs are carefully managed to preserve maximum funding availability for restoration projects and programs while maintaining the administrative capacity necessary for effective program oversight, grants management, and fiduciary responsibilities.

As of September 30, 2025, the Council's cumulative administrative expenses remain well below the 3 percent statutory threshold, demonstrating disciplined cost management and commitment to maximizing restoration funding (**Table 1**).

Table 1: Status of 3% Administrative Expense Funds (as of 09/30/2025) (Dollars in Millions)

Description	Amount
Trust Fund – Comprehensive Plan (Total Deposits)	\$1,194.4
Less: FY 2025 Sequestration	(\$5.2)
Total Funds Available	\$1,189.2
Administrative Expense Funds (3% of Total Available)	\$35.7
Less: Administrative Funds Apportioned through FY 2025	(\$16.5)
Balance of Administrative Funds Remaining in Trust Fund	\$19.2

As of FY 2025, \$16.5 million (46%) of available administrative expense funds have been apportioned, representing 1.39% of total Trust Fund resources. The remaining \$19.2 million will support projected administrative operations through FY 2042.

D. Key Financial Measures for FY 2025

The Council's financial position remains strong with total assets of \$1,049.1 million and minimal liabilities as of September 30, 2025. Key financial highlights include:

Assets: The Council's assets consist primarily of Fund Balance with Treasury (\$397.2 million) and Accounts Receivable from the Gulf Coast Restoration Trust Fund (\$651.7 million). The receivable represents approved project and program costs that have been obligated and are awaiting reimbursement from the Trust Fund through the interagency payment process.

Liabilities: The Council maintains low liabilities relative to assets, consisting primarily of accounts payable for goods and services received but not yet paid, and accrued grant expenses for recipient-performed work. All liabilities are covered by current budgetary resources.

Net Position: The Council's net position of \$669.6 million reflects cumulative results of operations and represents the difference between assets and liabilities (

Table 2).

Table 2: Key Financial Measures for FY 2025 (Dollars in Millions)

Description	FY 2025
Gross Program Costs	\$218.5
Less Earned Revenue	.04
Net Cost Operations	\$218.46
Assets:	
Fund Balance with Treasury	397.2
Accounts Receivable, Net	651.7
Property, Plant & Equipment, Net	.2
Advances and Prepayments	.03
Total Assets	\$1,049.1
Liabilities:	
Accounts Payable	.64
Federal Employee Benefits Payable	.56
Other Liabilities	378.3
Total Liabilities	\$379.5
Net Position (Assets – Liabilities)	\$669.6

A. FY 2025 Operational Costs

The Council is committed to implementing the Comprehensive Plan and fulfilling RESTORE Act requirements with maximum cost-effectiveness, minimizing administrative expenditures to maximize funds available for restoration projects and programs. The Council employs a strategy of incremental resource growth that corresponds directly to program development needs for the Council-Selected Restoration Component and Spill Impact Component.

The RESTORE Act limits administrative expenses for the Council-Selected Restoration Component to 3% of amounts received under that component. The Council's administrative costs remain in compliance with this statutory limitation when properly calculated against the applicable statutory base (**Table 3**).

Table 3: Operational Budgetary Resources and Operational Costs (Dollars in Millions)

Category	FY 2025
Apportionment (New Budget Authority)	\$8.37
Carryforward from Prior Year	\$2.84
Total Operational	\$11.21
Budgetary Resources Available	
New Obligations Incurred	\$8.53
Operational Costs (Outlays)	\$8.40
End-of-Year Carryforward	\$2.68

In fiscal year 2025, the Council allocated carryforward funds from prior years to support multi-year contractual obligations and administrative infrastructure, including:

- Records management and archival services (Axiom/NARA)
- Grant system and IT helpdesk support (VMSI contract)
- Administrative Resource Center shared services
- Grant proposal appraisal reviews
- Cloud-based IT infrastructure services

Additionally, funds reserved for the unified grants management solution (GrantSolutions and PIPER systems) will continue to be carried forward until fully expended. In fiscal year 2026, carry-forward funds will support the IT helpdesk contract and solicitation for a new integrated grants management system. Any surplus carryforward from fiscal year 2025 will offset fiscal year 2026 operational requirements, reducing the need for additional Trust Fund withdrawals.

B. Operating Expenses by Cost Category

The Council's operations are primarily driven by personnel compensation and benefits (56.8%), contracts and interagency agreements for administrative services (40.5%), and travel for oversight and coordination activities (1.5%). The Council maintains a disciplined incremental funding approach, requesting apportionments only for immediate operational needs (**Table 4**).

Table 4: Operating Expenses by Cost Category (FY 2025) (Dollars in Millions)

Cost Category	FY 2025	Percentage of Total
Salaries and Benefits	\$4.77	56.8%
Contracts and Interagency Agreements	\$3.40	40.5%
Travel	\$0.13	1.5%
Rent, Communications, and Utilities	\$0.09	1.1%
Supplies, Printing, and Miscellaneous	\$0.01	0.1%
Total Operating Expenses	\$8.40	100.0%

Salaries and Benefits

In fiscal year 2025, the Council maintained staffing at 23 full-time equivalent (FTE) positions. Personnel expenses encompassed salaries, benefits, and employer contributions to retirement and health insurance plans. Council operations were notably impacted by executive orders affecting the federal workforce, such as a federal hiring freeze, a mandate for return-to-in-person work, restrictions on purchase card transactions, and travel limitations. These measures collectively contributed to measurable cost reductions across various categories.

Travel Costs

Travel expenses decreased 45 percent from \$.024 million, with a difference of \$.011 million. Executive orders restricting government travel card usage led to significantly lower spending on training, conferences, in-person meetings, and site visits. The Council emphasized virtual engagement while maintaining essential oversight functions.

Facility and IT Costs

Facility costs for rent, communications, and utilities increased due to the return-to-in-person work mandate and the transition of employees from remote to on-site arrangements. Information technology support expenses also rose as the Council migrated to Cloud.gov for website hosting and management, following the discontinuation of previous support services. This transition improved cybersecurity and system reliability but required additional investment in cloud infrastructure.

Contracts and Interagency Agreements

The Council leverages interagency agreements and contracted services to access specialized expertise and shared administrative services efficiently. These arrangements enable the Council to maintain a lean organizational structure while obtaining necessary resources in grants management, financial systems, legal support, records management, and technical services.

C. Projects and Programs

In fiscal year 2025, the Council awarded a total of \$188.4 million in RESTORE Act funding, consisting of \$104 million in new grants and \$84.4 million in amendments (**Table 5**). These funds were distributed through the Comprehensive Plan Component and the Spill Impact Component, supporting both state and regional ecosystem restoration efforts across the Gulf Coast.

Spill Impact Component

The Council allocated \$162.2 million through new grants and amendments to the five Gulf Coast states (Texas, Louisiana, Mississippi, Alabama, Florida) for implementing state-approved restoration projects.

Comprehensive Plan Component

The Comprehensive Plan Component awarded \$21 million for ecosystem restoration projects and programs, including:

- Pensacola Bay Living Shoreline – Phase 1
- Jean Lafitte Canal Backfilling (Implementation)
- Gulf Coast Conservation Reserve Program
- Coastal Alabama Regional Water Quality Programs (amendment)
- Florida Water Quality Improvement Program (amendment)

Additionally, \$5.25 million was approved for FPL 2 to extend Council-Selected Restoration Component Planning Support (CPS) funding for five years. During FY 2025, the Council also closed 14 awards, resulting in \$11.9 million being returned for future restoration activities.

Table 5: FY 2025 Project and Program Awards by Funded Priorities List (Dollars in Millions)

Projects and Programs	FY 2025 Awards
FPL 1	\$1.7
FPL 2	\$5.2
FPL 3a	\$—
FPL 3b	\$19.3
SEP (State Expenditure Plans)	\$162.2
Total FY 2025 Awards	\$188.4

D. Costs Incurred

The Council's FY 2025 total costs of \$218.5 million reflect the agency's commitment to advancing Gulf Coast ecosystem restoration through both operational excellence and direct project funding. These costs represent actual obligations and expenditures during the fiscal year and demonstrate prudent stewardship of Trust Fund resources (**Table 6**). The cost structure balances necessary administrative and oversight functions with maximizing funds directed to restoration projects and state programs.

Table 6: FY 2025 Council Costs Incurred (Dollars in Millions)

Category	FY 2025
Administrative Expenses	\$1.5
Programmatic Operating	\$6.9
Council-Selected Projects	\$90.6
Spill Impact Projects	\$119.5
Total FY 2025 Costs	\$218.5

Cost Structure and Composition

The Council's cost structure is organized into four principal categories, each serving distinct functions in fulfilling the RESTORE Act mandate:

Administrative Expenses (\$1.5 million):

These costs support the Council's core operational infrastructure, including personnel salaries and benefits for 23 full-time equivalent (FTE) positions, facility costs, information technology systems, and administrative services. Administrative expenses represented only 0.7% of total FY 2025 costs, demonstrating the Council's efficiency in minimizing overhead while maintaining operational effectiveness.

Importantly, cumulative administrative expenses since the Council's inception remain well below the statutory 3% cap established by the RESTORE Act. As of September 30, 2025, the Council has utilized only 1.39% of available administrative funds (\$16.5 million of the \$1,189.40 million in total Comprehensive Plan funds received to date). This exceptional performance provides substantial capacity for future operations while maintaining significant compliance margins. The Council's administrative expenses include:

- Personnel compensation and benefits for professional, technical, and administrative staff
- Office space rental and related facility costs in New Orleans, Louisiana
- Information technology infrastructure and cybersecurity systems
- Administrative support contracts and shared services
- Travel for essential oversight and coordination activities
- Office supplies, communications, and routine operating expenses

Programmatic Operating Expenses (\$6.9 million):

This category encompasses the Council's grant management systems, technical oversight activities, environmental compliance reviews, interagency coordination services, and contracted expertise for specialized restoration planning. The \$44,125 in earned revenue (primarily from other federal agencies for shared services) partially offset gross costs of \$6.9 million, resulting in net programmatic expenses that support the administration of over \$1.5 billion in active restoration projects.

These investments in operational capacity enable the Council to effectively manage a complex portfolio of ecosystem restoration activities across five Gulf Coast states. Key cost drivers within this category include:

Grant Management Systems: The Council maintains sophisticated grant management systems (GrantSolutions and PIPER) that facilitate application processing, financial tracking, compliance monitoring, and performance reporting. These systems provide essential capabilities for managing hundreds of millions of dollars in annual grant obligations while ensuring accountability and transparency.

Technical Oversight: The Council employs subject matter experts and contracts with specialized consultants to conduct technical reviews of proposed restoration projects. This oversight ensures projects are scientifically sound, feasible, and likely to achieve intended ecosystem benefits. Technical reviews cover engineering, hydrology, ecology, coastal processes, and other specialized disciplines.

Environmental Compliance: All Council-funded projects must comply with the National Environmental Policy Act (NEPA) and other environmental statutes. The Council invests in environmental compliance coordination, documentation preparation, and regulatory consultation to ensure projects proceed legally and responsibly.

Interagency Coordination: As a multi-agency Council with eleven federal and state members, coordination costs include meeting facilitation, document preparation, stakeholder engagement, and consensus-building activities essential to the Council's collaborative governance model.

Scientific and Engineering Consultations: The Council periodically engages external experts to provide specialized knowledge on complex restoration challenges, emerging technologies, and innovative approaches to ecosystem restoration.

Records Management and Reporting: The Council maintains comprehensive records in accordance with federal requirements and produces numerous reports to Congress, OMB, Treasury, and the public. Systems for records management, archival services, and report production represent ongoing operational investments.

Council-Selected Projects (\$90.6 million):

These costs represent disbursements for ecosystem restoration projects approved through the Comprehensive Plan process established by the RESTORE Act. FY 2025 expenditures funded implementation activities across multiple Funded Priorities Lists (FPLs), demonstrating the progression from planning to active restoration on the ground.

Project expenditures accelerated during FY 2025 as several FPL 1 and FPL 2 projects transitioned from planning to active construction and implementation phases. This acceleration reflects the Council's increasing maturity and the readiness of project sponsors to execute complex restoration activities. The Council's rigorous project oversight ensures funds are deployed efficiently and projects achieve measurable ecosystem benefits consistent with the Comprehensive Plan's goals and objectives.

Spill Impact Projects (\$119.5 million):

These costs reflect grant disbursements to the five Gulf Coast states (Alabama, Florida, Louisiana, Mississippi, and Texas) under their approved State Expenditure Plans (SEPs).

Spill Impact expenditures increased substantially in FY 2025, as states advanced from planning phases to active project implementation. States utilize SEP funds for activities including:

- Coastal wetland restoration and enhancement
- Living shorelines and natural infrastructure
- Water quality improvement projects
- Fisheries and wildlife habitat restoration
- Land acquisition for conservation
- Hurricane and storm damage reduction
- Infrastructure projects with ecosystem benefits

Each state's SEP undergoes rigorous technical and administrative review by the Council to ensure proposed activities meet statutory requirements and contribute to Gulf Coast restoration. The Council provides ongoing oversight of SEP implementation while respecting state autonomy in project selection and execution.

Cost Management and Efficiency Measures

The Council implemented several operational efficiencies during FY 2025 that enhanced cost-effectiveness without compromising quality or oversight:

Personnel Optimization: The Council maintained stable staffing at 23 FTEs while significantly increasing grant award processing capacity. This productivity improvement resulted from workflow streamlining, reduction of redundancies in application reviews, and cross-training of staff to handle multiple functions. The Council processes more applications per staff member than in prior years, demonstrating successful scaling of operations.

Technology Investments: Continued investment in the unified grants management solution improved processing times and reduced manual oversight requirements. System enhancements included automated compliance checks, improved financial tracking, and enhanced reporting capabilities. While technology investments require upfront costs, they generate long-term savings through reduced manual effort and improved accuracy.

Shared Services: The Council leverages Administrative Resource Center shared services and interagency agreements to access specialized capabilities without maintaining permanent staff for episodic functions. Shared services include payroll processing, travel management, procurement support, and human resources administration. This approach provides professional services at lower cost than building internal capacity.

Travel Efficiency: Travel costs decreased 45% through increased virtual meeting and strategic consolidation of field oversight activities. While some in-person engagement remains essential for effective project oversight and stakeholder relationships, the Council has successfully transitioned many routine activities to virtual platforms without compromising effectiveness.

Multi-Year Contracting: The Council utilized carryforward funds for multi-year contractual obligations, securing better pricing and service continuity for essential functions. Multi-year contracts for records management (Axiom/NARA), IT infrastructure, and grant system support provide cost savings compared to annual procurement cycles while ensuring uninterrupted service delivery.

Financial Performance and Statutory Compliance

The Council's FY 2025 cost profile demonstrates strong financial discipline and stewardship:

Administrative Cost Compliance: Total cumulative administrative expenses of \$16.5 million represent 1.39% of the \$1,189.40 million in Comprehensive Plan funds received to date, well below the statutory 3% cap (\$35.68 million). This provides substantial capacity (\$19.22 million) for future operations while maintaining comfortable compliance margins. The Council's conservative approach to administrative spending ensures long-term operational sustainability.

Program vs. Administrative Ratio: For every dollar spent on administration and operations (\$8.4 million combined), the Council deployed approximately \$26 directly to restoration projects and state programs (\$210 million in project disbursements). This exceptional ratio demonstrates mission focus and efficiency in translating appropriated resources into on-the-ground restoration outcomes.

Cost Trends and Forward Outlook

The FY 2025 cost structure reflects the Council's maturation from primarily planning activities to active project implementation:

Administrative Scalability: Despite increased award activity, administrative costs increased only marginally from prior years, demonstrating successful efficiency improvements and scalable operational systems. The Council's investments in technology and process improvements enable handling increased workload without proportional cost increases.

Future Cost Projections: As the Council advances Funded Priorities List 4 for approval (approximately \$404 million in proposed funding), programmatic operating expenses are expected to increase moderately to support expanded technical oversight, environmental compliance coordination, and grant management activities. Administrative costs are projected to remain well below statutory limits, with cumulative expenditures unlikely to exceed 3% of total funds even as operations scale to accommodate larger project portfolios.

Multi-Year Perspective: Over the Council's lifetime, total Trust Fund resources under Council administration will exceed \$3 billion. The cost structure established in FY 2025 demonstrates that the Council can effectively manage this substantial investment while maintaining exceptional administrative efficiency and mission focus.

The Council's FY 2025 costs of \$218.5 million represent prudent deployment of Trust Fund resources in service of Gulf Coast ecosystem restoration. The cost structure demonstrates:

- Efficient operations with minimal administrative overhead
- Strong statutory compliance with comfortable margins below the 3% cap
- Effective translation of appropriated resources into tangible restoration outcomes
- Successful scaling of operations to accommodate increasing project implementation activity
- Prudent investment in operational capacity that leverages restoration effectiveness

Continued operational improvements, technology investments, and process refinements position the Council to scale restoration activities substantially while maintaining cost discipline and stewardship excellence. The FY 2025 financial performance demonstrates that federal restoration investments can be managed efficiently and effectively, delivering measurable ecosystem benefits while honoring the Council's accountability to Congress and the American people.

III. ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

A. Internal Controls over Financial Reporting and Operations

The Federal Managers' Financial Integrity Act (FMFIA) requires Chief Financial Officers (CFO) Act agencies to establish, maintain, and assess internal control systems that safeguard assets against waste, loss, unauthorized use, or misappropriation, and maintain accurate, complete records of revenues and expenditures to support reliable financial and statistical reporting in compliance with applicable requirements.

To fulfill FMFIA requirements, the agency head must annually evaluate and report on the adequacy of internal controls and financial management systems, providing reasonable assurance that agency objectives are achieved in the areas of effective and efficient operations, reliable financial reporting, and compliance with laws and regulations. This process follows guidance in OMB Circular A-123 and the GAO "Green Book," which set standards for risk management and internal control evaluation across all mission-support operations.

Financial Management Systems Compliance

In accordance with the Federal Managers' Financial Integrity Act (FMFIA) and Federal Financial Management Improvement Act (FFMIA), the Council conducted a comprehensive assessment of its financial management systems and internal controls. The assessment concluded that the Council's financial management systems substantially comply with FFMIA requirements.

The Council utilizes the Department of the Treasury's Administrative Resource Center (ARC) for core financial accounting services, which provides FFMIA-compliant systems. The Council also maintains internal project management and grants management systems that integrate with the core financial system to support its mission and operational needs.

Information Technology Security

The Council completed its annual Federal Information Security Modernization Act (FISMA) assessment and received no significant findings related to financial system security. The Council maintains appropriate information technology security controls in accordance with FISMA requirements, ensuring the confidentiality, integrity, and availability of financial data and systems.

B. Federal Financial Integrity Act Assurance Statement

December 18, 2025

The Gulf Coast Ecosystem Restoration Council is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). In accordance with OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, we conducted our assessment of the effectiveness of internal control over financial reporting and operations, which includes safeguarding of assets and compliance with applicable laws and regulations.

Based on the results of this assessment, we can provide reasonable assurance that the Council's internal control over financial reporting and operations as of September 30, 2025, was operating effectively, and no material weaknesses were found in the design or operation of internal control over financial reporting and operations.

In addition, we assessed the Council's financial management systems in accordance with FMFIA Section 4 and OMB Circular A-123, Appendix D, Management of Financial Management Systems – Risk and Compliance. Based on the results of this assessment, we can provide reasonable assurance that the Council's financial management systems substantially comply with Federal financial management systems requirements, including the Federal Financial Management Improvement Act (FFMIA), as of September 30, 2025.

C. Federal Information Security Modernization Act Assurance Statement

The Gulf Coast Ecosystem Restoration Council is responsible for establishing and maintaining an effective information security program in accordance with the Federal Information Security Modernization Act (FISMA) and OMB Circular A-130, Managing Information as a Strategic Resource.

Based on our assessment of the Council's information security program and controls, we can provide reasonable assurance that the information security program and controls are operating effectively and that information systems adequately protect information and information systems in support of the Council's mission as of September 30, 2025.

/S/ Original Signed
Mary S. Walker
Executive Director
Gulf Coast Ecosystem Restoration Council

SECTION II: FINANCIAL SECTION

MESSAGE FROM THE CHIEF FINANCIAL OFFICER

December 18, 2025

I am pleased to present the fiscal year 2025 Annual Financial Report (AFR) of the Gulf Coast Ecosystem Restoration Council (Council). This report demonstrates our commitment to cost-effective stewardship of federal resources and sound financial management in fulfilling our mission to restore and protect the Gulf Coast ecosystem.

In FY 2025, the Council incurred \$218.5 million in net costs to advance critical restoration initiatives across the Gulf Coast region. Our focus on cost-effective program delivery and efficient resource allocation ensures that every dollar contributes to measurable ecosystem restoration outcomes. Through financial management and cost control, we have successfully balanced mission achievement with fiscal responsibility, maximizing the value of federal investments in the Gulf Coast's environmental and economic future. The Council's cumulative Trust Fund deposits totaled \$2.24 billion, reflecting the continued flow of resources under the RESTORE Act. Our financial management systems and internal controls provide robust oversight of these funds, ensuring they are deployed strategically to achieve restoration results while maintaining full compliance with federal requirements.

We are pleased to report no material weaknesses in internal controls over financial reporting and no violations of the Anti-deficiency Act during FY 2025. Our internal control framework complies with the Federal Managers' Financial Integrity Act (FMFIA) and OMB Circular A-123 requirements. Our financial management systems remain in compliance with the Federal Financial Management Improvement Act (FFMIA), and we continue to invest in system improvements to enhance efficiency and data quality.

As we continue our work to restore the Gulf Coast, we remain committed to cost-conscious financial management, transparency, and accountability to Congress, the American public, and the communities we serve. Our disciplined approach to cost management ensures that restoration investments deliver lasting environmental, economic, and social benefits for current and future generations.

Respectfully submitted,

/S/ Original Signed
Vanessa Taylor
Chief Financial Officer
Gulf Coast Ecosystem Restoration Council

Inspector General's Transmittal Letter



DEPARTMENT OF THE TREASURY WASHINGTON, D. C. 20220

December 18, 2025

OFFICE OF
INSPECTOR GENERAL

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

Dear Chairperson Fotouhi:

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, 2025 and for the year 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. 24-02, *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 December 18, 2025, 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. 24-02.

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, or a member of your staff may contact Paulette Battle, Acting Assistant Inspector General for Audit, at (202) 927-5400.

Sincerely,

/s/

Loren J. Sciurba
Deputy Inspector General, Department of the Treasury

Enclosure

cc: Mary Walker, Executive Director

Independent Auditor's Report

Deputy Inspector General
Department of the Treasury

Deputy 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, 2025, and the related statements of net cost, changes in net position, and budgetary resources for the year 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, 2025, and its net costs, changes in net position, and budgetary resources for the year 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. 24-02, *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. 24-02 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. 24-02 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. 24-02.

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
December 18, 2025



**GULF COAST ECOSYSTEM RESTORATION COUNCIL
FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025**

TABLE OF CONTENTS

BALANCE SHEET.....	35
STATEMENT OF NET COST.....	36
STATEMENT OF CHANGES IN NET POSITION.....	37
STATEMENT OF BUDGETARY RESOURCES.....	38
NOTES TO THE FINANCIAL STATEMENTS.....	39

GULF COAST ECOSYSTEM RESTORATION COUNCIL
BALANCE SHEETS
AS OF SEPTEMBER 30, 2025
(In Dollars)

	2025
Assets	
Intragovernmental Assets	
Fund Balance with Treasury (Note 2)	\$ 397,195,418
Accounts Receivable, Net (Note 3)	651,684,065
Advances and Prepayments	27,745
Total Intragovernmental Assets	1,048,907,228
Other than Intragovernmental Assets	
Accounts Receivable, Net (Note 3)	-
Property, Plant, and Equipment, Net (Note 4)	212,205
Total Other than Intragovernmental Assets	212,205
Total Assets	\$ 1,049,119,433
Liabilities	
Intragovernmental Liabilities	
Accounts Payable	\$ 435,637
Advances from Others and Deferred Revenue	-
Other Liabilities (Note 5)	16,747,660
Total Intragovernmental Liabilities	17,183,297
Other than Intragovernmental Liabilities	
Accounts Payable	201,282
Federal Employee Salary, Leave, and Benefits Payable	561,947
Other Liabilities (Note 5)	361,515,767
Total Other than Intragovernmental Liabilities	362,278,996
Total Liabilities	\$ 379,462,293
Net Position	
Unexpended Appropriations	
Cumulative Results of Operations	
Funds From Dedicated Collections	669,657,140
Funds from Other than Dedicated Collections	-
Total Cumulative Results of Operations (Consolidated)	669,657,140
Total Net Position	\$ 669,657,140
Total Liabilities and Net Position	\$ 1,049,119,433

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

GULF COAST ECOSYSTEM RESTORATION COUNCIL
STATEMENTS OF NET COST
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025
(In Dollars)

	2025
Program Costs:	
Comprehensive Plan - Administrative Expenses:	
Gross Costs	\$ 1,520,389
Net Comprehensive Plan - Administration Expenses	\$ 1,520,389
Comprehensive Plan - Programmatic Expense:	
Gross Costs	\$ 6,920,621
Less: Earned Revenue	(44,125)
Total Comprehensive Plan - Programmatic Expenses	\$ 6,876,496
Comprehensive Plan - Projects & Programs (Grants):	
Gross Costs	\$ 90,604,853
Total Comprehensive Plan - Projects and Programs (Grants)	\$ 90,604,853
Net Comprehensive Plan - Programmatic Expense Costs	\$ 97,481,349
Spill Impact - State Expenditure Plan (Grants):	
Gross Costs	\$ 119,457,611
Net Spill Impact Costs (Grants)	\$ 119,457,611
Net Cost of Operations	\$ 218,459,349

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

GULF COAST ECOSYSTEM RESTORATION COUNCIL
STATEMENTS OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025
(In Dollars)

	2025
Unexpended Appropriations	
Beginning Balance	\$ -
Beginning Balance, as Adjusted	\$ -
Total Unexpended Appropriations	\$ -
Cumulative Results of Operations	
Beginning Balance	\$ 797,891,057
Beginning Balance, as Adjusted	\$ 797,891,057
Transfers In/(Out) without Reimbursement	89,787,096
Imputed Financing (Note 7)	438,336
Net Cost of Operations	(218,459,349)
Net Change in Cumulative Results of Operations	(128,233,917)
Total Cumulative Results of Operations	\$ 669,657,140
Net Position	\$ 669,657,140

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

GULF COAST ECOSYSTEM RESTORATION COUNCIL
STATEMENTS OF BUDGETARY RESOURCES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025
(In Dollars)

	2025
Budgetary Resources	
Unobligated Balance From Prior Year Budget Authority, Net	\$ 303,600,581
Spending Authority From Offsetting Collections	89,822,096
Total Budgetary Resources	\$ 393,422,677
Status of Budgetary Resources	
New Obligations and Upward Adjustments (Total)	\$ 196,956,121
Unobligated Balance, End of Year	
Apportioned, Unexpired Accounts	184,579,819
Unapportioned, Unexpired Accounts	11,886,737
Unexpired, Unobligated Balance, End of Year	196,466,556
Unobligated Balance, End of Year (Total)	196,466,556
Total Budgetary Resources	\$ 393,422,677
Outlays, Net and Disbursements, Net	
Outlays, Net (Total)	\$ (111,634)
Agency Outlays, Net	\$ (111,634)

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 use of budgetary resources. The financial statements and associated notes are presented on 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, and receipt 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.

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 consists 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. 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.

H. 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 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.

I. 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.

J. 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 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.

K. 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 (FEGLIP) 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.

L. 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.

M. 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.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury account balances as of September 30, 2025, were as follows:

		2025
Status of Fund Balance With Treasury		
Unobligated Balance		\$ 196,466,556
Obligated Balance Not Yet Disbursed		200,728,862
Total Fund Balance With Treasury		\$ 397,195,418

		2025
Fund Balances (General Fund):		
Comprehensive Plan - Administrative Cost		\$ 597,227
Comprehensive Plan - Program Cost		1,630,678
Programmatic Expense		134,200,065
Projects and Programs (grants)		260,767,448
Total		\$ 397,195,418

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

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.

The available unobligated fund balances represent the current period amount available for obligation or commitment.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable balances as of September 30, 2025, were as follows:

	2025
Intragovernmental	
Accounts Receivable	\$ 651,684,065
Total Intragovernmental Accounts Receivable	\$ 651,684,065
Other than Intragovernmental	
Accounts Receivable	\$ -
Total Other than Intragovernmental Accounts Receivable	\$ -
Total Accounts Receivable	\$ 651,684,065

The accounts receivable is primarily made up of amounts due from the Gulf Coast Restoration Trust Fund.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2025.

NOTE 4. PROPERTY, PLANT, AND EQUIPMENT, NET

Property, equipment, and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at 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:

Description	Useful Life (years)
Equipment	5 Years
Leasehold Improvements	Lesser of Remaining Term or 7 Years
Software	5 Years

Schedule of General Property, Plant, and Equipment, Net as of September 30, 2025:

	Accumulated	Acquisition Cost	Depreciation and Amortization	Net Book Value
2025				
Major Class:				
Software	\$ 734,650	\$ 522,445	\$ 212,205	
Total	\$ 734,650	\$ 522,445	\$ 212,205	

NOTE 5. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2025, were as follows:

2025
Intragovernmental Other Liabilities
Employer Contributions and Payroll Taxes Payable (without reciprocals)
\$ 6,403
Custodial Liability (to the general fund)
1
Employer Contributions and Payroll Taxes Payable
23,760
Other Liabilities With Related Budgetary Obligations
16,717,496
Total Intragovernmental Other Liabilities
\$ 16,747,660
Other than Intragovernmental Other Liabilities
Unfunded Accrued Interest Payable
\$ -
Other Liabilities w/Related Budgetary Obligations
361,515,768
Custodial Liability
(1)
Total Other than Intragovernmental Other Liabilities
\$ 361,515,767
Total Other Liabilities
\$ 378,263,427

NOTE 6. LEASES

The Council occupies office space under a lease agreement that is accounted for as an operating lease. The lease term begins on October 1, 2023, and expires on October 1, 2029. Lease payments are increased annually based on the adjustments for operating cost and real estate tax escalations. The total operating lease expense for fiscal year 2025 was \$45,448.

Below is a schedule of future payments for the term of the lease:

Fiscal Year	Office Space	Other	Total Federal
2026	\$ 26,565	\$ 18,883	\$ 45,448
2027	26,565	18,883	45,448
2028	26,565	18,883	45,448
2029	19,174	14,162	33,336
	\$ 98,869	\$ 70,811	\$ 169,680

NOTE 7. IMPUTED FINANCING

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 fiscal year ended September 30, 2025, inter-entity costs were as follows:

	2025
Office of Personnel Management	\$ 438,336
Total Imputed Financing Sources	\$ 438,336

NOTE 8. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Budgetary resources obligated for undelivered orders as of September 30, 2025, were as follows:

	Intragovernmental	Other than Intragovernmental	Total
2025			
Paid Undelivered Orders	\$ 27,745	\$ -	\$ 27,745
Unpaid Undelivered Orders	28,949,946	455,853,949	484,803,895
Total Undelivered Orders	\$ 28,977,691	\$ 455,853,949	\$ 484,831,640

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

NOTE 9: RECONCILIATION OF NET OPERATING COST & NET BUDGETARY 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, 2025:

	Intragovern- mental	Other than Intragovern- mental	Total
Net Operating Cost (Revenue) Reported on Statement of Net Cost	\$ 18,164,764	\$ 200,294,585	\$ 218,459,349
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, Plant, and Equipment	-	(165,371)	(165,371)
Depreciation Expense			
Increase/(Decrease) in Assets Not Affecting Budgetary Outlays:			
Accounts Receivable, Net	(94,313,904)	(370)	(94,314,274)
Advances and Prepayments	1,258	-	1,258
(Increase)/Decrease in Liabilities Not Affecting Budgetary Outlays:			
Accounts Payable	19,805	377,432	397,237
Federal Employee Salary, Leave, and Benefits Payable	-	(14,485)	(14,485)
Advances from Others and Deferred Revenue	9,125	-	9,125
Other Liabilities	(4,540,230)	(29,718,811)	(34,259,041)
Financing Sources:			
Imputed Cost	(438,336)	-	(438,336)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	\$ (99,262,282)	\$ (29,521,605)	\$ (128,783,887)
Components of the Budgetary Outlays That Are Not Part of Net Operating Cost			
Financing Sources:			
Transfers Out (In) Without Reimbursements	(89,787,096)	-	(89,787,096)
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	\$ (89,787,096)	\$ -	\$ (89,787,096)
Total Net Outlays (Calculated Total)	\$ (170,884,614)	\$ 170,772,980	\$ (111,634)
Budgetary Agency Outlays, net			\$ (111,634)

SECTION III: OTHER INFORMATION (UNAUDITED)

I. SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCE

The following tables show that there were no material weaknesses or significant deficiencies in fiscal year 2025. This information is consistent with the Council's FMFIA Statement of Assurance.

Table 7: Summary of Financial Statement Audit

Unmodified					
Restatement	No				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	-	-	-	NA	-

Table 8: Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting (FMFIA - § 2)					
Unmodified					
Statement of Assurance	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Material Weaknesses	-	-	-	NA	NA
Effectiveness of Internal Control over Operations (FMFIA - § 2)					
Unmodified					
Statement of Assurance	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Material Weaknesses	-	-	NA	NA	NA
Total Material Weaknesses	-	-	NA	NA	NA

Conformance with Financial Management System Requirements (FMFIA - § 4)					
Statement of Assurance	Conform				
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Non-Conformances	0	0	NA	NA	0
Federal Financial Management Improvement Act (FMFIA)					
	Agency			Auditor	
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	

II. REVENUE FOREGONE

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

III. MANAGEMENT AND PERFORMANCE CHALLENGES

The Treasury Inspector General (IG) has oversight responsibility over the Council. The 2025 Management and Performance Challenges (OIG-CA-26-001) Report and the Council's response are as follows:

OFFICE OF
INSPECTOR GENERAL



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

November 20, 2025

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

Re: 2026 Management and Performance Challenges (OIG-CA-26-00 I) Dear Chairperson

Fotouhi:

As required by the Reports Consolidation Act of 2000,⁴ 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).⁵ Entering Fiscal Year (FY) 2026, we continue to report the following three challenges from the prior year:

- Recruiting and Retaining a Highly Skilled Workforce (repeat challenge)
- Federal Statutory and Regulatory Compliance (repeat challenge)
- Grant and Interagency Agreement Compliance Monitoring (repeat challenge)

Despite existing challenges, we commend the Council for the positive independent evaluation⁶ of its information security program and practices under the Federal Information Security Modernization Act of 2014 (FISMA).⁷

⁴ P.L. 106-531, Reports Consolidation Act of 2000 (November 22, 2000)

⁵ P.L. 112-141, Moving Ahead for Progress in the 21st Century Act (July 6, 2012). Subsection Fin Title I of Division A in P.L. 112-141 is cited as the RESTORE Act.

⁶ Department of the Treasury Office of inspector General (Treasury OIG), The Gulf Cost Ecosystem Restoration Council Federal Information Security Modernization Act of 2014 Evaluation Report for Fiscal Year 2025, OIG-CA-25-053 (August 1, 2025)

⁷ P.L. 113-283, federal Infom1ation Security Modernization Act of 2014 (December 18, 2014)

For FY 2025, the Office of Management and Budget (OMB) identified for evaluation 20 core and 5 supplemental Inspector General FISMA Reporting Metrics, as outlined in the OMB's *FY 2025 Inspector General FISMA Reporting Metrics, Version 2.0*, dated April 3, 2025.⁸ These metrics aligned with function areas in *The National Institute of Standards and Technology Framework 2.0*: govern, identify, protect, detect, respond, and recover. The Council's information security program and practices were assessed as effective for the period April 1, 2024, through March 31, 2025. Additionally, for FY 2024, the Council received an unmodified opinion (also referred to as a "clean opinion") on its financial statements.⁹

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

Furthermore, we commend the Council for its continued efforts to improve and maintain the overall functionality in the multi-system solution (GrantSolutions,¹⁰ the Program Information Platform for Ecosystem Restoration (PIPER),¹¹ and the Council's internal network) that replaced the Council's original grant management system.

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

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

The Council is anticipating the retirement of its Deputy Executive Director at the end of calendar year 2025. The position is expected to be eliminated as part of a reorganization, leaving the Council with one remaining Senior Executive Service position. As part of the reorganization, the Deputy Executive Director's duties and responsibilities are expected to be reassigned amongst the existing leadership team and staff. Retirements and separations are always a challenge for federal agencies, particularly a smaller agency like the Council that needs to maintain a highly skilled workforce. Loss of institutional knowledge will continue to be a risk.

As previously discussed, the Council has two staff vacancies in the Program team¹² that have remained unfilled due to the government-wide hiring freeze;¹³ with one position expected to be eliminated as part of the Council's ARRP. The Council anticipates filling the remaining vacancy during FY 2026, once the hiring freeze is lifted. Any turnover significantly impacts staff workload and institutional knowledge; however, the Program team is smaller than both the Grants/Interagency Agreements (IAAs) and Compliance teams and has less contractual support. Therefore, it is

⁸ OMB, the Department of Homeland Security, and the Council of the Inspectors General on Integrity and Efficiency developed the IG FISMA Reporting Metrics in consultation with the Federal Chief Information Officers Council.

⁹ Treasury OIG, Audit of the Gulf Coast Ecosystem Restoration Council's Financial Statements for Fiscal Years 2024 and 2023, OIG-25-008 (November 14, 2024)

¹⁰ GrantSolutions is a grant and program management federal shared service provider under the Department of Health and Human Services.

¹¹ PIPER was developed through a Memorandum of Understanding with the U.S. Geological Survey.

¹² Two teams are primarily responsible for overseeing the administration of grants - the Programs team and the Grants/Interagency Agreements (IAAs) and Compliance team.

¹³ The federal civilian hiring freeze began on January 20, 2025.

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

A comprehensive and documented succession plan is critical to the Council's continuity and productivity, in both the near-term and the long-term, so that operations are minimally impacted. We believe that keeping an updated succession plan in place will aid the Council in administering its programs effectively. In response to a previous Management and Performance Challenges letter,¹⁴ the Council created a succession plan to ensure leadership continuity by building a leadership pipeline and talent pool. On June 13, 2025, the Council published an update to its Succession Plan. Also, during FY 2025, a draft reorganization chart was prepared for the Council's Steering Committee to review. The proposed organization chart, which restructures the organization, has been approved by the Steering Committee as part of the Council's FY 2026 budget process.

As staffing changes inevitably continue, effective internal and external communications, as well as adequate continuity of operations planning, will be critical to the Council's success and productivity. Changes to staff workload and responsibilities may have an impact on the Council's longstanding challenges related to Federal Statutory and Regulatory Compliance (Challenge 2) and Grant and IAA Compliance Monitoring (Challenge 3). While there continue to be Grants and Program Specialists with direct experience with the Council's processes and responsibilities, we believe the Council should continue training and developing staff with continuity of operations in mind.

Challenge 2: Federal Statutory and Regulatory Compliance (Repeat)

The Council must ensure that activities and projects funded by the RESTORE Act meet all environmental laws and regulations at the federal and state levels and ensure compliance with applicable laws and regulations as a federal entity. The Council implemented major technological changes to carry out its grant administration and monitoring activities using GrantSolutions. As a small organization, the Council faces ongoing challenges with cost fluctuations posed by GrantSolutions. Between FY 2024 and FY 2025, costs increased by almost 8.5 percent; however, in FY 2026, GrantSolutions agreed to reduce the cost of services by 26 percent. Additionally, as reported in prior years, GrantSolutions has functionality limitations that prevent the system from being customized to fit all the Council's needs.

Due to the previously aforementioned challenges, the Council determined that GrantSolutions would not be fully customizable. As a result, the Council continues to track certain information manually on electronic spreadsheets, which serve as resource tools. Given these constraints, the risk of errors as well as incomplete and inaccurate information may increase due to using multiple mechanisms to track and report data as the number of grant awards increase.

While no major GrantSolutions features were implemented during FY 2025, the Council informed us that GrantSolutions implemented a minor functionality change to the Grant Notes¹⁵ feature across all partner agencies. Functionality of GrantSolutions and PIPER is critical to the Council's continued compliance with FISMA, and future improper

¹⁴ Treasury OIG, 2021 Management and Performance Challenges, OIG-CA-21-002 (October 7, 2020)

¹⁵ Grant Notes are used to add correspondence comments and to attach necessary documents to a grant record in the GrantSolutions Grants Management Module. Notes are saved with the grant record for historical and tracking purposes.

payment reporting required by the Payment Integrity Information Act of 2019 (PIIA).¹⁶

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).¹⁷ Additionally, in April 2024, OMB revised the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*¹⁸ to aid federal agencies in administering and managing all federal awards issued on or after October 1, 2024.¹⁹ Accordingly, agencies should ensure that federal award terms and conditions, notices of funding opportunities, internal agency policies and procedures, agency templates, and other program documents reflect these revisions for those federal awards.

As noted below, complying with these federal laws and regulations will increase the responsibilities and workload of the Council staff.

PIIA

PIIA requires an agency to conduct program-specific risk assessments for each program or activity identified by the agency, provide the methodology for identifying and measuring improper payments (IP), and report on actions the agency plans to take to prevent future improper payments. As a result of PIIA, OMB updated OMB Circular No. A-123, Appendix C, *Requirements for Payment Integrity Improvement*, and issued revised guidance in M-21-19, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement* (March 5, 2021). The goal of OMB's revisions was to transform the payment integrity compliance framework and create a more comprehensive and meaningful set of requirements to allow agencies to spend less time complying with low-value activities and more time researching underlying causes of improper payments, balancing payment integrity risks and controls, and building the capacity to help prevent future IPs. OMB Circular A-136, *Financial Reporting Requirements* (July 14, 2025), includes the financial reporting requirements that agencies must follow in reporting their PIIA information in the agency's annual financial statement. Among the requirements are the collection of payment integrity information by OMB through an annual data call and actions taken by the agency to address recovery audit recommendations to prevent overpayments.

¹⁶ P.L. 116-17, Payment Integrity Information Act of 2019 (March 2, 2020)

¹⁷ P.L. 116-103, Grant Reporting Efficiency and Agreements Transparency Act of 2019 (December 30, 2019)

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

¹⁹ OMB M-24-1 I, "Reducing Burden in the Administration of Federal Financial Assistance" (April 4, 2024)

My office conducted an audit of the Council's compliance with payment integrity reporting requirements for FY 2024 and found that the Council published its payment integrity information with its annual financial statement on the agency's website.²⁰ The Council also conducted IP risk assessments for each program with outlays greater than \$10 million at least once in the last 3 years and adequately concluded whether the program is likely to make IPs and unknown payments above or below the statutory threshold.²¹

During our FY 2024 audit, we determined that the Council's information reported on PaymentAccuracy.gov was consistent with supporting documentation and we made no recommendations in the report.

GREAT Act

Under the GREAT Act, federal agency administrators have been preparing their agencies for consolidated federal data collection and shared reporting to reduce the burden and cost to grant recipients. The Council intended to implement any remaining requirements to update documents and processes to announce, award, and oversee federal grants and IAAs for compliance with OMB data standards starting October 1, 2023.²² On July 14, 2025, the Department of Health and Human Services finalized data standards covering the federal assistance listings.²³ These standards were developed by the Department of Health and Human Services as the GREAT Act standard-setting agency in collaboration with the Council on Federal Financial Assistance interagency Data Standards Working Group. These finalized data standards incorporated substantial comments from grant-making agencies and were approved by OMB. Implementation guidance from OMB is expected to be forthcoming. The Council informed us that they remain committed to working with GrantSolutions to ensure all necessary processes are compliant once the implementation guidance has been issued.

While the Council met its federal statutory and regulatory compliance requirements in FY 2025, there is an inherent risk to data integrity, especially as it pertains to manually tracking data. Therefore, the Council must continue to scrutinize data and supporting information to ensure that the accuracy, completeness, and overall quality of award and scientific programmatic data have been maintained. This is critical given the demand for federal agencies and entities to make their data as accurate and transparent as possible.

²⁰ Treasury OIG, Audit of the Gulf Coast Ecosystem Restoration Council's Compliance with PI/A of 20/9 for Fiscal Year 2024, O[G-25-026 (May 23, 2025)

²¹ Per OMB M-21-19, the statutory threshold is the total amount of [Ps and unknown payment estimates that are either above \$10,000,000 and 1.5 percent of the program's total outlays or above \$100,000,000 regardless of the associated percentage of the program's total annual outlays that the estimated IP and unknown payment amounts represent. Each program with annual outlays over \$10,000,000 must conduct an IP risk assessment at least once every three years to determine whether the program is likely to have IPs above the statutory threshold.

²² 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.

²³ Assistance listings are detailed public descriptions of federal programs that provide grants, loans, scholarships, insurance, and other types of assistance awards.

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

The Council will need to continue to ensure that data in GrantSolutions, PIPER, and the Council's network drive is complete and accurate as part of its ongoing grant and IAA monitoring and oversight. The Council's post-award monitoring of grants and IAAs includes reviewing recipients' performance and financial reports; conducting a risk assessment based on the recipients' organizational self-assessments; performing desk reviews; and conducting on-site visits. In FY 2025, Council staff completed

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

Since last year, awards have increased from 170 to 192 grants and completed closeout of 41 awards. As of June 11, 2025, grants and IAAs are valued at approximately \$1.2 billion under the Council-Selected Restoration Component (\$485 million) and the Spill Impact Component (\$734 million) combined. Furthermore, approved State Expenditure Plans under the Spill Impact Component include projects exceeding \$1.23 billion. As the number of awards and their complexity continues to increase, additional monitoring will be required, adding to the Council's workload. Post-award monitoring will require a significant commitment of time and attention due to the increasing amount of outstanding funds, payment requests, and progress of projects.

In response to our previous letters, Council officials acknowledged the importance of grant oversight and that this will remain an agency priority on an ongoing basis. As part of its Enterprise Risk Management profile, the Council continues to identify oversight and monitoring of grant recipients among its top critical risks. During FY 2025, the Council continued to conduct several financial and programmatic reviews of recipients like the prior FY. The Council was also able to conduct a review of current post-award financial and programmatic processes, which led to the Programs and Grants/IAAs and Compliance teams coordinating to plan FY 2025 post-award reviews through the utilization of a comprehensive risk analysis.

Although the challenges highlighted in this letter are the most significant from my office's perspective, we continue to communicate with the Council's officials on existing and emerging issues. As needed, we also engage with affected federal, state, and local government entities to ensure effective oversight of programs established by the RESTORE Act.

We are available to discuss our views on the management and performance challenges and other matters expressed in this letter in more detail.

Sincerely,

/s/

Loren J. Sciurba
Deputy Inspector General Department of the Treasury

cc: Mary Walker, Executive Director



Gulf Coast Ecosystem Restoration Council

500 Poydras Street, Suite 1117
New Orleans, LA 70130

November 25, 2025

Loren J. Sciurba
Deputy Inspector
General Department
of the Treasury 1500
Pennsylvania Avenue
NW Room 4436
Washington, DC 20220

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

Thank you for the opportunity to review the Office of Inspector General's (OIG) 2026 Management and Performance Challenges (OIG-CA-26-001). 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* (33 U.S.C. 1321(t)) (RESTORE Act).

We appreciate your acknowledgement 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 Fiscal Year 2025. Additionally, for the eleventh year in a row, the Council received unmodified opinions on its financial statements.

We agree with your assessment of challenges facing the Council in Fiscal Year 2026 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 (Repeat)

The Council continues to agree with your assessment that recruiting and retaining a highly skilled workforce is critical to its ability to accomplish its mission. We continually recognize the inherent staffing challenges associated with managing routine turnover in a small agency. As a result, ongoing staff development remains a key piece of our agency's human capital management. Succession planning continues to be a key focus for agency leadership.

Challenge 2: Federal Statutory and Regulatory Compliance (Repeat)

The Council continues to share 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) and *Payment Integrity Information Act of 2019* (PIIA). We appreciate your acknowledgement of the Council's continued efforts to improve the overall functionality and efficiency in our grants management systems. We recognize, as you have noted, that as a small organization, the Council faces ongoing challenges posed by GrantSolutions. The Council acknowledges that there are still some gaps in functionality, which we are addressing. Ensuring the integrity of award data is a high priority; therefore, internal controls and testing are in place.

GREAT Act

The Council agrees with your assessment that vigilance with respect to data and supporting information is essential for ensuring the integrity of award and scientific programmatic data, and we continue to actively monitor this data and information.

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. We continue to utilize the Grants monitoring Risk Analysis and Screening Tool to target oversight.

Again, thank you for providing us with the opportunity to review this report. In Fiscal Year 2026, 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,

MARY
WALKER

Digitally signed by
MARY WALKER
Date: 2025.11.25
12:14:10 -0600'

Mary S. Walker
Executive Director
Gulf Coast Ecosystem Restoration Council

IV. PAYMENT INTEGRITY INFORMATION ACT

The U.S. Department of the Treasury, in coordination with the U.S. Department of Justice and the Office of Management and Budget, has launched the PaymentAccuracy.gov website (<https://www.paymentaccuracy.gov/payment-accuracy-the-numbers/>) to serve as a centralized resource for information regarding improper payments made by the U.S. government to individuals, organizations, and contractors. This platform also facilitates the reporting of suspected incidents of fraud, waste, and abuse and provides insights on (1) current and historical rates and amounts of improper payments, (2) the underlying causes of these payments, and (3) the measures agencies are implementing to mitigate and recapture improper payments. Moreover, PaymentAccuracy.gov includes data from the Council on risk assessments, any overpayments identified and recaptured in FY 2025, as well as relevant payment integrity and fraud-related information.

For FY 2025, the Council conducted its annual risk assessment in accordance with OMB Circular A-123, Appendix C, Requirements for Payment Integrity Improvement. Based on this assessment, the Council determined that its programs are not susceptible to significant improper payments as defined by OMB guidance. The Council's rigorous grant award review processes, payment controls, and monitoring activities minimize the risk of improper payments.

Additional information about the Council's payment integrity program, including detailed statistical data and program-specific information, is available on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov).

V. BIENNIAL REVIEW OF USER FEES

The Council does not charge user fees.

VI. GRANTS PROGRAM

As of September 30, 2025, all grants and cooperative agreements with periods of performance ending before September 30, 2023, have been properly closed out in accordance with applicable federal regulations and Council policies.

The Council maintains diligent grant closeout procedures to ensure timely closure of completed awards. Closeout activities include:

- Final financial reconciliation
- Review and acceptance of final performance reports
- Resolution of any outstanding issues or questioned costs
- Return of unexpended funds to the Trust Fund
- Documentation of project outcomes and lessons learned; and
- De-obligation of any unliquidated obligations