

Coral Reef Conservation Program: Opportunities Exist to Better Track Expenditures and Share Information

GAO-24-106692

Q&A Report to Congressional Committees

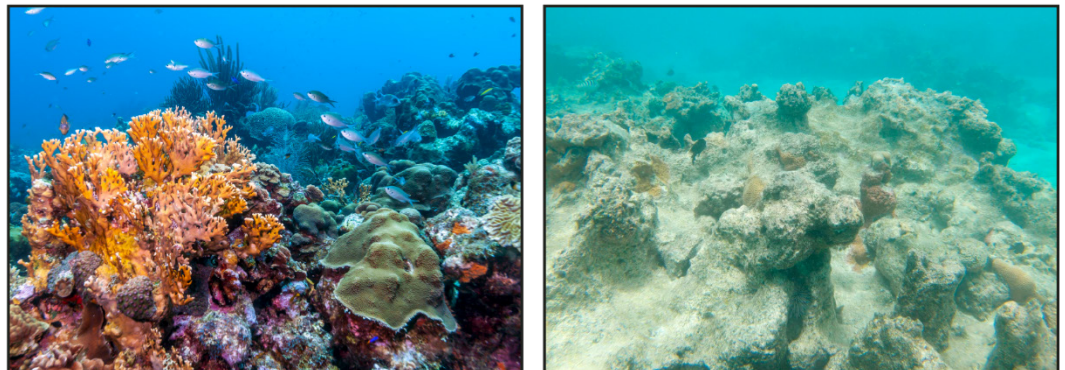
February 13, 2024

Accessible Version

Why This Matters

Coral reefs provide ecological, economic, and social benefits, such as providing habitat for fish, protecting shorelines and marine ecosystems, supporting tourism and fisheries, and serving as a resource for scientific research. The value of these reefs' benefits totals trillions of dollars per year, according to a 2022 report from the Department of Commerce's National Oceanic and Atmospheric Administration (NOAA). However, coral reefs face an increasing number of threats, including climate change and warming ocean temperatures, which can cause bleaching (see fig. 1); disease; and damage from boats and tourism.

Figure 1: Photos of Healthy Coral Reef Ecosystem (left) and Bleached Coral Reef (right)



Sources: John Anderson/helivideo/stock.adobe.com. | GAO-24-106692

The Coral Reef Conservation Program (CRCP), established in 2000, has a mission to protect, conserve, and restore coral reefs by maintaining healthy ecosystem function. To carry out this mission, the program supports research, monitoring, and restoration work by various NOAA program offices and by seven states and U.S. territories with coral reefs. For fiscal years (FY) 2021 through 2023, the CRCP received about \$33 million annually in federal appropriations.

Congressional committees have raised questions about NOAA's ability to provide expenditure information for the CRCP. The National Defense Authorization Act for FY 2023 includes a provision for us to examine several aspects of the CRCP, including the CRCP's budget and accounting practices.¹ This report discusses how the CRCP identifies priorities, develops its budget, tracks obligations and expenditures, and promotes transparency and accountability.

Key Takeaways

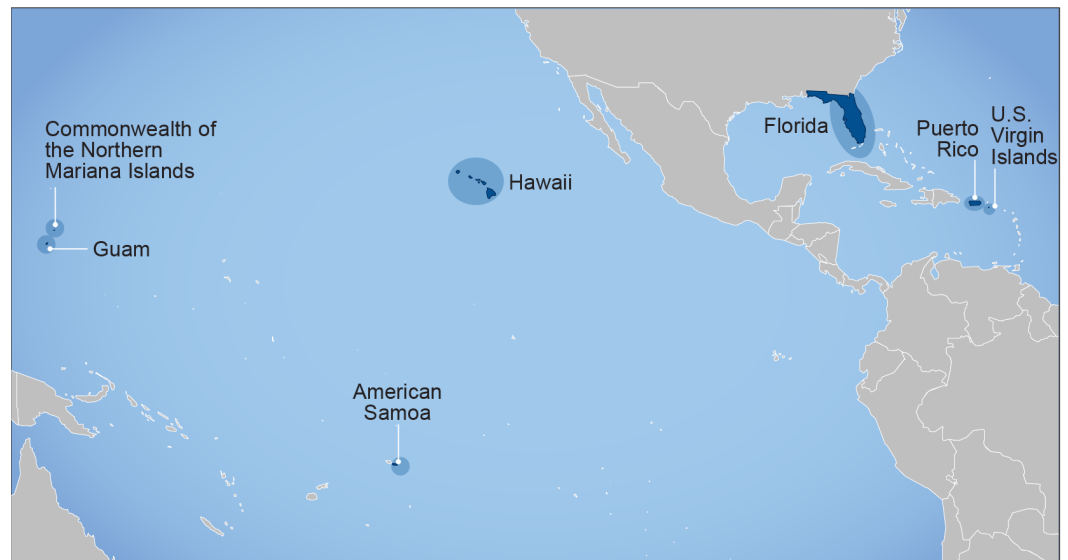
- The CRCP tracks its obligations and expenditures in a Department of Commerce financial system. CRCP officials use obligation data but do not typically access or use expenditure data in their management of the program.

- The CRCP has several policies and practices to promote transparency and accountability but does not communicate some key information, including expenditures and performance results, to outside entities.
- We recommend that NOAA improve its ability to track, access, and use CRCP expenditure data.
- We recommend that NOAA identify ways to increase its transparency in administering the CRCP, including by communicating information related to expenditures and performance results to outside entities.

Background

The CRCP, established by the Coral Reef Conservation Act of 2000, brings together expertise from several offices across NOAA that carry out projects related to coral reefs.² The CRCP also supports research and restoration in seven states and territories with jurisdiction over coral reef ecosystems: Florida, Hawaii, and the five U.S. territories, as figure 2 shows.³

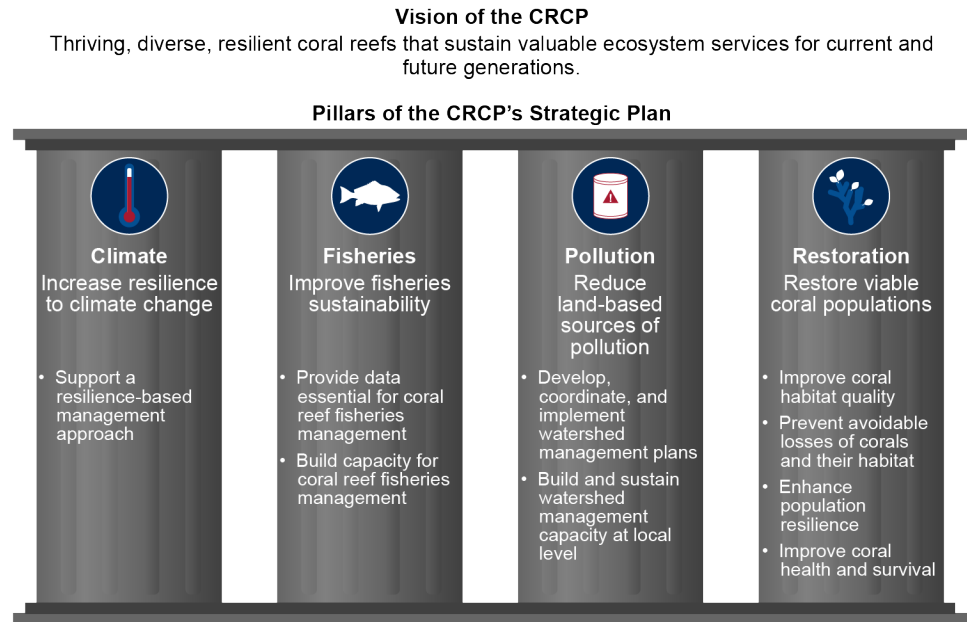
Figure 2: Map of the States and Territories Involved in the Coral Reef Conservation Program



Source: GAO analysis of information from the National Oceanic and Atmospheric Administration and Map Resources (map). | GAO-24-106692

The CRCP is guided by a strategic plan, which the program last updated in 2018. This plan describes four priority areas, called pillars: (1) climate change, (2) fisheries sustainability, (3) land-based pollution, and (4) coral restoration, as figure 3 shows. The plan includes goals to reach by 2040 and intermediate targets to help reach those goals.⁴

Figure 3: Vision and Four Pillars of the Coral Reef Conservation Program's (CRCP) 2018 Strategic Plan



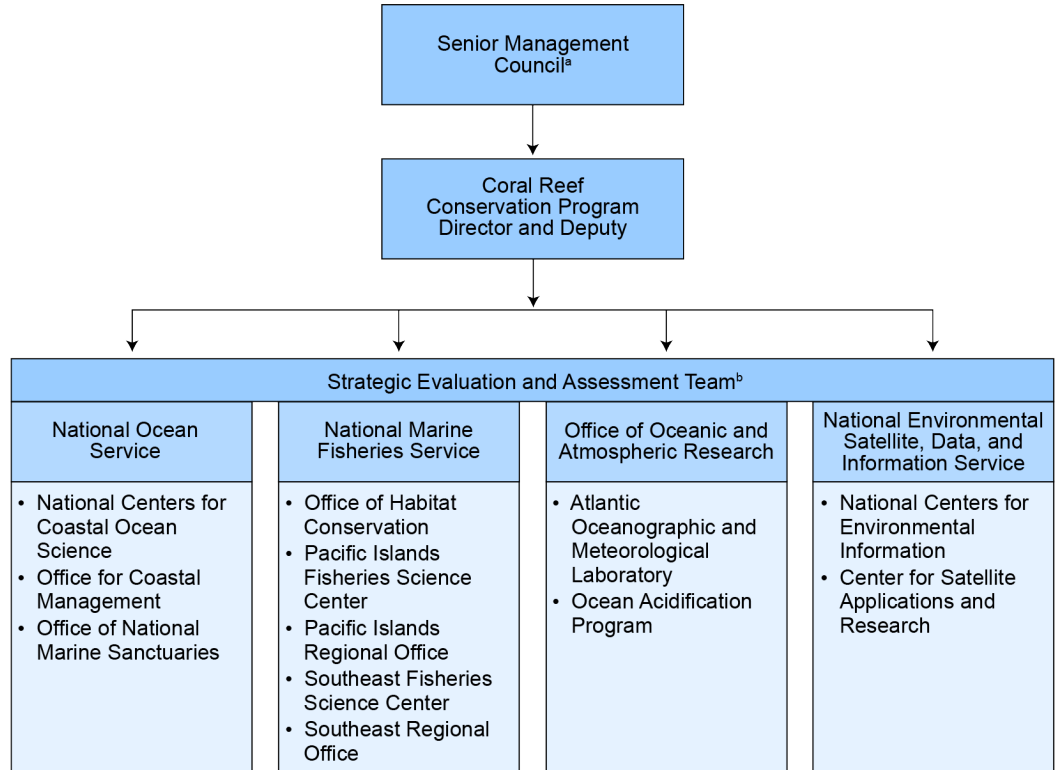
Source: GAO analysis of information from the National Oceanic and Atmospheric Administration; and GAO (illustration). | GAO-24-106692

In December 2022, the National Defense Authorization Act for FY 2023 reauthorized and amended the Coral Reef Conservation Act of 2000.⁵ Among other things, the act added a block grant program for the seven jurisdictions, called for the development of a new national coral reef resilience strategy, and authorized appropriations of \$45 million annually from FY 2023 through FY 2027. We focused our review of the CRCP on the time frame before the program's reauthorization in December 2022 in part because the CRCP's implementation of these changes was ongoing at the time of our review.

How is the CRCP organized?

The CRCP is a matrixed program that uses distinct skillsets and expertise from four NOAA line offices. Under the line offices, as figure 4 shows, 12 program offices execute projects directed at challenges that coral reefs face.⁶ A matrix management agreement describes the roles and responsibilities of these different parts of the program.⁷

Figure 4: Organizational Structure of the National Oceanic and Atmospheric Administration’s Coral Reef Conservation Program



Source: GAO analysis of information from the National Oceanic and Atmospheric Administration. | GAO-24-106692

^aThe Coral Reef Conservation Program’s (CRCP) Senior Management Council—composed of senior executives involved in the program—makes final decisions on CRCP policies and annual spend plans.

^bThe CRCP’s Strategic Evaluation and Assessment Team—composed of staff representatives from each of the four line offices—plans, executes, and evaluates CRCP activities, according to CRCP officials.

What projects does the CRCP fund?

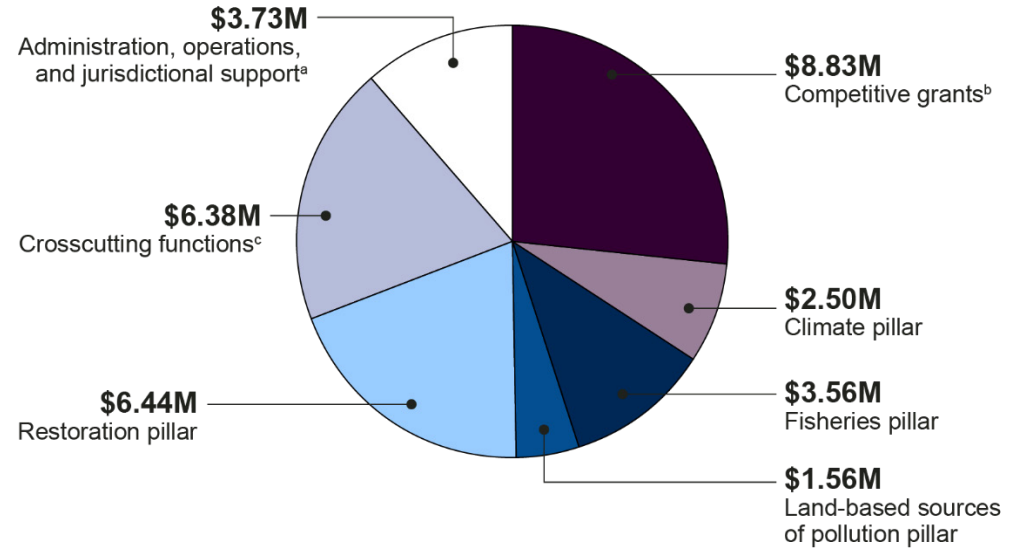
The CRCP funds projects that include both short- and long-term efforts that aim to respond to the four pillars of the strategic plan. For example, the CRCP has consistently funded projects to research ocean acidification as part of the climate change pillar. The CRCP has also funded several recent initiatives to respond to emerging disease among coral reefs in the Caribbean. In addition, some projects address crosscutting functions, including monitoring and mapping coral reefs and socioeconomic issues, according to agency documents.

NOAA line and program offices execute some CRCP projects internally. In addition, the seven jurisdictions, nongovernmental organizations (NGO), and research institutions execute other CRCP projects externally through competitive grants and cooperative agreements.⁸

Figure 5 shows how the CRCP obligated its FY 2021 appropriations across its strategic pillars, external grants, and crosscutting functions, according to a 2022 report from NOAA.⁹

Figure 5: Coral Reef Conservation Program Obligations for Fiscal Year 2021 Appropriation

Fiscal year 2021



Source: GAO analysis of information from the National Oceanic and Atmospheric Administration. | GAO-24-106692

^aThe administration, operations, and jurisdictional support category includes expenses associated with program-wide management.

^bThe Coral Reef Conservation Program has six categories of competitive grants, including, among others, State and Territorial Government Cooperative Agreements.

^cCrosscutting functions include mapping and monitoring of coral reefs and work on socioeconomic issues related to coral.

Examples of projects funded by the CRCP include:

Puerto Rico project: Coral nursery and sea urchin hatchery

The Institute for Socio-Ecological Research has received CRCP funding to operate a coral nursery and sea urchin hatchery in Puerto Rico (see fig. 6).¹⁰ In FY 2020, the CRCP obligated \$105,412 to the laboratory through a grant.

The laboratory has also received CRCP funding via subgrants from Puerto Rico's territorial cooperative agreement and the National Fish and Wildlife Foundation, according to the lead researcher at the laboratory.

When we toured the laboratory in June 2023, the lead researcher told us that the CRCP funds all coral-related efforts at the laboratory—including utilities, tank setups, and approximately 10 student assistantships—making it the first and largest coral nursery in Puerto Rico.

Figure 6: Coral Nursery and Sea Urchin Hatchery in Puerto Rico Funded by the Coral Reef Conservation Program, June 2023



Source: GAO. | GAO-24-106692

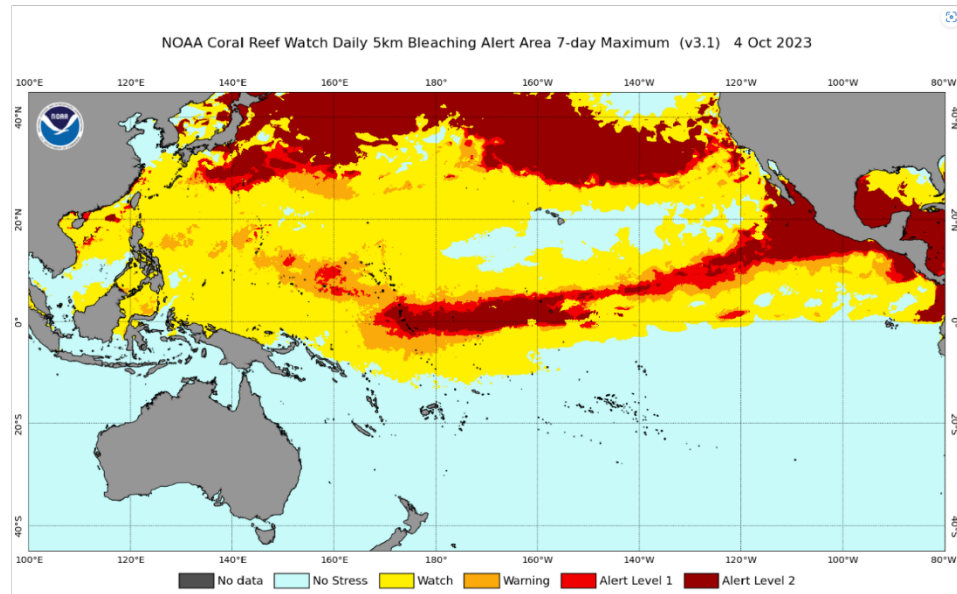
Note: According to the lead researcher, the Coral Reef Conservation Program funds coral tanks to spawn and grow corals, as shown at left and top right, as well as tanks for sea urchins, as shown at bottom right.

NOAA project: Coral Reef Watch

Another project the CRCP funds is Coral Reef Watch, a NOAA forecasting project to monitor, model, predict, and report on the condition of global coral reef ecosystems. In FY 2021, the CRCP obligated \$1,304,651 to this project.

According to CRCP officials, stakeholders in the United States and abroad use data from Coral Reef Watch to prepare for and respond to environmental changes that affect coral reefs, such as rising ocean temperatures, resulting thermal stress, and bleaching events (see fig. 7).¹¹

Figure 7: Prediction Map of 7-Day Coral Bleaching Alerts for October 4, 2023, Produced by the National Oceanic and Atmospheric Administration’s Coral Reef Watch



Source: National Oceanic and Atmospheric Administration. | GAO-24-106692

How does the CRCP identify priorities for the program?

The CRCP collaborates with the seven jurisdictions and its internal line and program offices to identify priorities for the CRCP.

Jurisdictional priorities

To identify jurisdictional priorities, the CRCP holds workshops or individual meetings with points of contact in each of the seven jurisdictions every 3 years.¹² During these workshops, CRCP officials and jurisdictional contacts discuss coral conservation priorities and what the CRCP can do to support them. In some cases, representatives from NGOs, other NOAA officials, and officials from other federal agencies also participate in the workshops.

CRCP officials told us that after the workshops, they compile the priorities shared by the jurisdictions into a spreadsheet. They then assess these priorities to identify (1) whether each priority activity is within the scope of the CRCP, and (2) near-term actions that would help address the identified priorities. NOAA officials from the program offices then use this spreadsheet to help develop CRCP projects and funding announcements for CRCP competitive grants, according to CRCP officials.

CRCP priorities

After the jurisdictional workshops, the CRCP holds a national workshop with NOAA staff from the 12 CRCP program offices. Workshop participants use the list of priorities identified by the jurisdictions to develop three to five actions for each of the strategic plan’s four pillars. These actions are high-priority items to accomplish during the following 3 years. For example, in 2019, national workshop participants identified actions for the land-based sources of pollution pillar that included

- supporting the development of new watershed management plans in key watersheds;
- providing technical assistance and scientific support to management agencies in establishing water quality targets for key watersheds;

- providing technical assistance and financial support to implement actions from approved watershed management plans in key watersheds; and
- strengthening local capacity to support water quality monitoring and other activities through training and partnership development.

How does the CRCP develop its budget?

Since FY 2021, the CRCP has developed its budget in 3-year cycles that culminate in 3-year implementation plans and annual spend plans for the program, according to our review of agency documents and interviews with CRCP officials.¹³ The steps in this process are as follows:

1. Based on the narrowed list of actions identified at the national workshop, officials from the 12 CRCP program offices develop project proposals, known as letters of intent. The proposals for CRCP funding include discrete projects and longer-term projects.
2. Senior CRCP officials from each of the four line offices evaluate the proposals against criteria, such as technical merit of the project and geographic distribution, according to agency documents and officials.¹⁴
3. Based on this evaluation, the senior officials recommend which proposals to fund to the CRCP director and the CRCP's Senior Management Council for review and approval.
4. After the CRCP director and Senior Management Council approve proposals, the program offices develop 3-year work plans with project and budget information for each year.
5. The work plans are combined into a single 3-year CRCP implementation plan for review and approval by the Senior Management Council.

Once NOAA receives its annual appropriations, the CRCP updates and finalizes its annual spend plan based on actual appropriations. The spend plan lists the approved projects that are to receive CRCP funding that year.

How does the CRCP track obligations and expenditures?

The CRCP tracks obligations and expenditures in a Department of Commerce financial system, the Commerce Business System.¹⁵ This system delineates CRCP obligations and expenditures by various codes, such as fiscal year, line and program office, and object class (e.g., personnel compensation and benefits, contractual services, and grants).¹⁶

According to our review of agency documents and interviews with officials, the CRCP uses different processes to track different types of obligations and expenditures. For example, federal labor is considered a "direct pay" because wages are paid directly to federal personnel and not separately obligated, according to CRCP officials.

In contrast, for grants and cooperative agreements, the CRCP first obligates the awarded amount to its recipient, at which point the funds are placed in a Department of the Treasury system and recorded as obligated in the Commerce Business System.¹⁷ Then, as the grant recipient draws down CRCP funding, it is recorded as expended in the Commerce Business System, according to NOAA finance officials.

How does the CRCP use obligation and expenditure data?

Senior CRCP and budget officials told us that they regularly use obligation data to monitor progress in obligating funds to help ensure CRCP appropriations are obligated in a timely manner. Officials use expenditure data to monitor drawdowns of external funds, including grants and contracts, and to set budgets for future contracts. Officials in NOAA's Grants Management Division also review relevant reports of audits (including single audits) of certain grant recipients, according to an agency document and officials.¹⁸

Senior CRCP officials do not typically access or use internal expenditure data for management of the program as a whole, such as for developing budget justifications. These officials said that in managing the CRCP, they focus on obligating CRCP funds rather than on ensuring they are expended. When we asked the program for FY 2022 expenditure data, CRCP budget officials initially did not know how to easily produce a report showing all CRCP expenditures from the Commerce Business System. It took several follow-up requests to NOAA accounting and finance offices before we received the expenditure data.

Obligations are definite commitments that create a legal liability of the federal government for the payment of goods and services. They can be deobligated for a variety of reasons. For example, NOAA data show that the agency deobligated between about \$105,000 and \$944,000 in CRCP funds each year from FY 2016 through FY 2021.¹⁹ According to CRCP officials, deobligation of CRCP funds has occurred for various reasons, such as cancellation of a project or field work (e.g., when work could not be completed after hurricanes or during the COVID-19 pandemic). While obligations are the commitment to pay, expenditures are the actual spending of money.

Congress and others have acknowledged the need to increase accountability and transparency in federal spending. For example, one of the purposes of the Digital Accountability and Transparency Act of 2014 is to expand on previous transparency legislation by disclosing direct federal agency expenditures and linking federal spending information to federal program activities to enable taxpayers to track federal spending more effectively.²⁰ In addition, the Government Finance Officers Association has highlighted the importance of comparing budgets to actual results, including reviewing expenditures to develop a better picture of not only what has been spent but what remains to be spent.²¹ However, the CRCP's access and use of expenditure data in its management of the program has been limited.

Even if CRCP officials regularly access expenditure data for the whole program, they cannot (1) determine project-specific expenditures for all CRCP projects from NOAA's financial system, or (2) compare expenditures to obligations for all projects in the CRCP's annual spend plans, according to our analysis of CRCP documents.

This limitation is due in part to the CRCP not assigning task codes to identify its projects in the Commerce Business System, as of November 2023. NOAA uses task codes to track obligations and expenditures in the Commerce Business System for efforts such as labor, training, and some specific projects. However, the CRCP has not consistently developed and assigned task codes to specific CRCP projects. This may limit the CRCP's visibility on program-wide trends and its use of past expenditure data to inform future budget decisions. Further, congressional staffers told us that having CRCP expenditure data would have been helpful to them during the process of reauthorizing the Coral Reef Conservation Act in 2022.

Federal standards for internal control state that management should use quality information to achieve the entity's objectives.²² These standards also state that, in considering information requirements, management should consider the expectations of both internal and external users. In addition, the CRCP's matrix management agreement acknowledges the importance of tracking spending.²³ Specifically, it includes an accountability policy to improve the CRCP's ability to track and show accountability for its spending, though it does not specify who should track expenditures or how.

By regularly tracking and accessing expenditure data on CRCP projects from the Commerce Business System, the CRCP would be better informed about actual

expenditures and be able to compare expenditures to obligations in its annual spend plans, as well as respond to requests for this information.

What is the status of FY 2022 CRCP obligations and expenditures?

As of September 30, 2023 (the end of FY 2023), the CRCP had obligated 100 percent and spent about 64 percent of the appropriations it received in FY 2022. NOAA generally receives appropriations to use for the CRCP as 2-year appropriations, meaning the program has 2 years to obligate them.²⁴ Recipients can have up to 5 years to spend obligated funds, depending on the period of performance of the award. CRCP officials noted that this can lead to a lag between obligation and expenditure of funds awarded on a multiyear grant or contract.

How does the CRCP promote transparency and accountability within NOAA?

The CRCP has policies and guidance to promote transparency and accountability within NOAA's line and program offices. Additionally, the CRCP shares some information on the program's projects and performance, according to our review of documents and interviews with CRCP officials.

Policies and guidance

The CRCP's matrix management agreement includes an accountability policy, discussed above, that lays out expectations for the budget planning and execution processes. The CRCP also has additional guidance, updated every 3 years, to help identify jurisdictional and national priorities.

Information sharing

The CRCP has several methods for communicating information. For example, after the CRCP develops its 3-year implementation plans, officials share a list of approved projects with line and program offices. In addition, budget officials told us they share information on the status of internal project obligations and remaining funds for line and program offices to help ensure they obligate CRCP funds in a timely manner and for their intended purposes.

Performance metrics

The CRCP measures its performance against defined metrics and shares performance results with line and program offices annually. According to our review of CRCP performance documents and interviews with officials, the CRCP tracks its progress against its strategic plan, which includes 36 intermediate targets that support four goals to reach by 2040.²⁵ For example, as of August 2023, the CRCP fully met five of its FY 2022 targets and partially met the remaining two targets, according to our review of CRCP performance documents.²⁶

External reviews

Outside reviewers examined the program in 2007 and 2013 and made recommendations to NOAA to improve its administration of the program. The CRCP subsequently implemented suggestions and recommendations from the external reviews, including developing and implementing its accountability policy.

How does the CRCP promote transparency and accountability with outside entities?

To promote transparency and accountability with grant recipients, Congress, and the public, the CRCP shares information about internal projects, as well as some information about its funding levels.

The CRCP routinely shares information with grant recipients, Congress, and the public about obligations, selected internal projects, and awarded grants. The CRCP also maintains open lines of communication between officials and jurisdictional points of contact. Specifically:

- The CRCP submits biennial reports to Congress that include a description of funds obligated each fiscal year, as called for by the Coral Reef Conservation Act of 2000.²⁷ The reports include a list of awarded competitive grants and amounts obligated during the prior 2-year period, as well as summaries of total obligations across the pillars and other broad categories, such as administrative expenses.
- The CRCP uses its Coral Reef Information System to communicate information about its research and restoration efforts to the public online.²⁸ This website includes data related to coral reef research and provides a database of research executed by the CRCP's line and program offices. CRCP funding opportunities are also listed on the CRCP's website.
- Among the seven states and territories, the CRCP leverages the jurisdictional workshops described above to work with jurisdictional contacts to collaboratively develop lists of priorities. The CRCP also communicates with NOAA coral liaisons, established in 2009 in each jurisdiction, to share information between the program and each jurisdiction.

What information does the CRCP not communicate to outside entities?

According to our review of agency documentation and interviews with agency officials and grant recipients, we identified some information that the CRCP has not communicated to outside entities such as grant recipients, Congress, and the public. For example:

- The program has not communicated obligation or expenditure data from its internal CRCP projects to the seven jurisdictions, according to jurisdictional points of contact. Some jurisdictional points of contact told us that having this information would help them better understand how the CRCP spends funds internally. For example, points of contact in two jurisdictions told us that it is unclear how the CRCP uses the funds it spends within NOAA rather than disburses to the jurisdictions.
- The program has not included obligations or expenditures on specific internal CRCP projects in its biennial congressional reports. As noted previously, the congressional reports include summaries of obligations, as called for by the Coral Reef Conservation Act of 2000, across the strategic plan pillars and other broad categories.²⁹ The reports do not include additional funding data, such as obligations for specific internal projects or information on actual project expenditures.
- The program has not made its performance results available to outside entities.

GAO's key practices for evidence-based policymaking and federal standards for internal control state that federal organizations should externally communicate relevant key information on their learning and results to key stakeholders.³⁰ Further, the key practices state that by frequently and effectively communicating its learning and results by tailoring information to meet various stakeholders' needs, a federal organization helps its stakeholders understand how well it is

performing and the decisions it made to further improve results. This can help build buy-in and assistance in carrying out those decisions.³¹

This is especially important for the CRCP given that the CRCP's strategic plan acknowledges that the program's goals are intentionally beyond the scope of a single organization. Thus, CRCP officials told us that they work closely with their stakeholders, including the jurisdictions, to help meet their mission. However, the CRCP has not made its performance results available to outside entities and does not have a documented plan for making these results available to the jurisdictions, other grant recipients, and other outside entities.

Moreover, not communicating expenditure information for internal projects with outside entities limits the CRCP's ability to demonstrate which funds are tied to which internal projects. As a result, neither the CRCP nor its stakeholders have the complete information they need to identify where the CRCP is spending funds and where it may need additional resources.

By communicating information related to its performance results and internal expenditures to outside entities, the CRCP can increase its transparency and accountability in administering the program. Specifically, the CRCP may be better equipped to demonstrate whether its projects are meeting the program's mission, which can help build buy-in and assistance from its stakeholders in carrying out CRCP decisions to further improve program results.

Conclusions

As coral reefs face an increasing number of threats, NOAA's CRCP plays a key role in helping to protect, conserve, and restore coral reef resources. The CRCP has taken several actions to be accountable and transparent in administering the program, including tracking obligations and sharing certain program information.

Nevertheless, opportunities exist for the program to increase its accountability and transparency. For example, while CRCP officials regularly track obligations, they do not typically access or use expenditure data in their management of the CRCP as a whole. In addition, they have not consistently assigned task codes to specific CRCP projects to help track CRCP expenditures. By regularly tracking and accessing expenditure data on CRCP projects in the Commerce Business System, the CRCP would be better informed about actual expenditures and be able to compare expenditures to obligations in its annual spend plans, as well as respond to requests for this information.

In addition, while the CRCP shares performance results and information on obligations internally, we identified some information that the program has not communicated with outside entities. For example, the program has not shared information on expenditures or performance results with Congress, the public, or other outside entities. By communicating information related to expenditures and performance results to outside entities, the CRCP can increase the transparency and accountability of its program administration. Specifically, the CRCP may be better equipped to demonstrate whether its projects are meeting the program's mission, which can help to encourage stakeholder buy-in and assistance in carrying out CRCP decisions to further improve program results.

Recommendations for Executive Action

We are making three recommendations to NOAA. Specifically:

The Administrator of NOAA should ensure that the Director of the CRCP improves the program's ability to track and report expenditure data for the program as a whole by, for example, regularly assigning specific task codes to CRCP projects. (Recommendation 1)

The Administrator of NOAA should ensure that the Director of the CRCP accesses and uses expenditure data in managing the program. (Recommendation 2)

The Administrator of NOAA should ensure that the Director of the CRCP takes steps to communicate information related to expenditures and performance results to outside entities, as appropriate. (Recommendation 3)

Agency Comments

We provided a draft of this report to the Department of Commerce for review and comment. In written comments provided by NOAA through Commerce (reproduced in appendix I), NOAA agreed with our recommendations and described steps it plans to take to address them. These actions include working with budget officers to develop task codes to improve tracking and reporting of CRCP expenditure data, assessing annual expenditures to monitor progress and inform future decision-making for the CRCP, and providing progress updates to outside entities regarding expenditure data and performance results for the CRCP. NOAA also provided technical comments, which we incorporated as appropriate.

How GAO Did This Study

We reviewed and analyzed relevant laws, policies, and guidance related to the CRCP and its budget and accounting practices. We focused on the budget cycle beginning in FY 2021, which is when the CRCP started using a new budget planning process.³² We also reviewed NOAA's system for tracking obligations and expenditures, and we reviewed data generated from this system. To assess the reliability of these data, we performed electronic testing for obvious errors in accuracy and completeness, reviewed related documentation, and interviewed agency officials. We determined that the data were sufficiently reliable for the purpose of our report. To better understand NOAA's processes for tracking expenditures, we reviewed examples of different types of FY 2022 transactions (e.g., grant, travel voucher, and federal labor) and related documentation. In addition, we reviewed some audit reports of CRCP grant recipients conducted under the Single Audit Act.³³

We also interviewed NOAA budget, finance, and accounting officials; senior managers of the CRCP; officials in all four NOAA line offices that receive CRCP funding; and officials from at least one program office under each of these four line offices. We also interviewed CRCP grant recipients, including representatives from all seven jurisdictions as well as NGOs.

We visited two jurisdictions, Puerto Rico and the U.S. Virgin Islands, in June 2023 to learn about projects funded by the CRCP. On these site visits, we interviewed jurisdictional points of contact for the CRCP, NOAA coral liaisons, and grant recipients. We also toured projects funded by the CRCP. Information obtained during the site visits is not generalizable to all jurisdictions and CRCP projects.

We conducted this performance audit from March 2023 to February 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

List of Congressional Committees

The Honorable Maria Cantwell
Chair
The Honorable Ted Cruz
Ranking Member
Committee on Commerce, Science, and Transportation
United States Senate

The Honorable Bruce Westerman
Chairman
The Honorable Raúl M. Grijalva
Ranking Member
Committee on Natural Resources
House of Representatives

We are sending copies of this report to the appropriate congressional committees, the Secretary of Commerce, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

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**Appendix I: Comments
from the Department of
Commerce**



UNITED STATES DEPARTMENT OF COMMERCE
Office of the Chief Financial Officer and
Assistant Secretary for Administration
Washington, D.C. 20230

January 29, 2024

Mr. Cardell Johnson
Director
Natural Resources and Environment
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Johnson:

Thank you for the opportunity to review and comment on the Government Accountability Office's (GAO) draft report, *Coral Reef Conservation Program: Opportunities Exist to Better Track Expenditures and Share Information* (GAO-24-106692).

The Department of Commerce agrees with GAO's recommendations directed to the National Oceanic and Atmospheric Administration. Enclosed is our response to the draft report.

Should you have any questions, please contact MaryAnn Mausser, GAO Liaison, at (202) 482-8120 or MMausser@doc.gov.

Sincerely,

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Jeremy Pelter
Deputy Assistant Secretary for
Administration, performing the non-exclusive
functions and duties of the Chief Financial
Officer and Assistant Secretary for
Administration

Enclosure

**Department of Commerce
National Oceanic and Atmospheric Administration
Response to the GAO Draft Report,
Coral Reef Conservation Program: Opportunities Exist to Better Track
Expenditures and Share Information
(GAO-24-106692, December 2023)**

General Comments

The Department of Commerce's National Oceanic and Atmospheric Administration (NOAA) appreciates the opportunity to review the U.S. Government Accountability Office's (GAO) report on the Coral Reef Conservation Program (CRCP). GAO did a fair and thorough job in assessing how the CRCP identifies priorities and develops its budget, tracks obligations and expenditures, and promotes transparency and accountability. The report's discussion of CRCP's management of the matrixed program is well-informed, thorough, and balanced.

The report recognizes the CRCP tracks obligations and expenditures in a Department of Commerce (DOC) financial system and the program has policies and practices promoting transparency and accountability. The report also acknowledges the robust process CRCP uses to identify project goals and funding priorities for its coral reef conservation program investments. The report points out areas needing improvement including tracking expenditures, using expenditure data to manage the program, and communicating key information to outside entities regarding program metrics and expenditures. The report also identifies process improvements related to CRCP's expenditure tracking and sharing of information to outside entities. NOAA agrees with GAO's assessment and will, to the best of its ability, address the GAO team's concerns on expenditures using the available features of the DOC's new financial system, Business Applications Solutions (BAS), that replaced the Commerce Business System in October 2023.

NOAA Response to GAO Recommendations

The draft report made three recommendations pertaining to NOAA.

Recommendation 1: "The Administrator of NOAA should ensure that the Director of the CRCP improves the program's ability to track and report expenditure data for the program as a whole by, for example, regularly assigning specific task codes to CRCP projects."

NOAA Response: NOAA agrees with this recommendation. Moving forward CRCP will work with CRCP program budget officers to develop specific task codes for CRCP projects to improve tracking and reporting of expenditure data for the program as a whole. CRCP will also work with the NOAA Budget Office to produce expenditure reports, in addition to an obligation analysis report, for the whole matrixed program.

Recommendation 2: "The Administrator for NOAA should ensure that the Director of the

CRCP accesses and uses expenditure data in managing the program.”

NOAA Response: NOAA agrees with this recommendation. CRCP will continue to manage the program using a variety of mechanisms, including utilizing the new BAS system to assess annual project expenditures to monitor progress and inform future program decision-making. Moreover, CRCP will use expenditure data available via BAS to provide input for program reporting and evaluation. CRCP notes grant and contract expenditures are regularly monitored for individual project progress. Performance (as determined by the budget accountability section of the CRCP Matrix Agreement) of any CRCP-supported projects is noted and taken into account in future funding support.

Recommendation 3: “The Administrator for NOAA should ensure that the Director of the CRCP takes steps to communicate information related to expenditures and performance results to outside entities, as appropriate.”

NOAA Response: NOAA agrees with this recommendation. CRCP will provide progress updates as appropriate to outside entities regarding expenditure data and performance results of the goals CRCP addresses.

Endnotes

¹Pub. L. No. 117-263, § 10001(c), 136 Stat. 2395, 3951 (2022).

²Pub. L. No. 106-562, tit. II, 114 Stat. 2794, 2800 (codified as amended at 16 U.S.C. §§ 6401-6415). For the purpose of our review, we use “Coral Reef Conservation Program (CRCP)” to refer to activities carried out by NOAA under the Coral Reef Conservation Act of 2000, including, but not limited to, the grant program established under the act.

³The five U.S. territories are American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

⁴National Oceanic and Atmospheric Administration, *Coral Reef Conservation Program Strategic Plan* (Silver Spring, MD: 2018).

⁵Pub. L. No. 117-263, § 10001(a), 136 Stat. 2395, 3931 (2022).

⁶NOAA refers to these 12 offices as financial management centers. For the purpose of our review, we refer to them as program offices.

⁷National Oceanic and Atmospheric Administration, *NOAA Coral Reef Conservation Program Matrix Management Agreement* (Silver Spring, MD: November 2021). The agreement was first finalized in 2003 and updated in 2015 and 2021.

⁸For the purpose of this report, we use the term “internal” to refer to projects executed by NOAA’s line and program offices and “external” to refer to projects executed through the CRCP’s competitive grants and cooperative agreements. In some instances, NOAA’s line and program offices may provide funding to entities outside of NOAA, such as cooperative institutes, which perform coral-related work at universities and other institutions of higher education.

⁹We reported obligations of FY 2021 CRCP appropriations because that was the most recent year for which NOAA publicly reported CRCP obligations. See National Oceanic and Atmospheric Administration, *Implementation of the Coral Reef Conservation Program Fiscal Years 2020-2021* (Silver Spring, MD: 2022).

¹⁰The Institute for Socio-Ecological Research is a nonprofit organization that researches ecological restoration of coral reefs and other topics.

¹¹Bleaching occurs when corals are stressed by changes in conditions such as temperature, light, or nutrients, and can result in coral death. Increased ocean temperature caused by climate change is the leading cause of coral bleaching, according to NOAA documents.

¹²Before 2020, CRCP solicited jurisdictional priorities annually, according to CRCP officials.

¹³Before developing the first 3-year budget, for FY 2021 through FY 2023, the CRCP developed annual budgets for the CRCP using the same general process, according to CRCP officials.

¹⁴For the FY 2024 through FY 2026 budget cycle, NOAA’s criteria were (1) identified priorities, (2) technical merit, (3) leveraged funds, (4) NOAA partnerships, (5) distribution of investment, and (6) management relevance.

¹⁵The Department of Commerce transitioned NOAA to a new financial system, Business Applications Solution, in October 2023, according to NOAA officials.

¹⁶Object classes are categories in a classification system that present obligations by the items or services purchased by the federal government. The major object classes are personnel compensation and benefits, contractual services and supplies, acquisition of assets, grants and fixed charges, and other. These major classes are divided into smaller classes. Office of Management and Budget, *Circular No. A-11: Preparation, Submission, and Execution of the Budget* (Washington, D.C.: August 2022).

¹⁷The Department of the Treasury maintains an electronic system called the Automated Standard Application for Payments that federal agencies use to transfer money to recipient organizations.

¹⁸Under the Single Audit Act and Office of Management and Budget Uniform Guidance, federal award recipients that expend \$750,000 or more in federal awards in a fiscal year are required to undergo a single audit, which is an audit of an entity’s statements and federal awards, or a program-specific audit, for the fiscal year. 31 U.S.C. § 7502; 2 C.F.R. § 200.501. According to NOAA guidance, grants management specialists are required to review applicants’ single audit information to determine whether the applicant is in compliance with the audit reporting requirements. As part of our review, we reviewed some audit reports of CRCP grant recipients, but assessing compliance with the Single Audit Act was outside the scope of our review.

¹⁹Deobligated funds may generally be reobligated within the period of availability of an appropriation, which is typically 2 fiscal years for CRCP appropriations. If CRCP funds are deobligated within 2 years of an appropriation, they are returned to NOAA and can be obligated to other CRCP projects. Beyond the 2 years appropriated funds are available to be obligated, deobligated CRCP funds are returned to Treasury, according to CRCP officials. Of the CRCP funds deobligated from FY 2016 through FY 2021, about \$2.2 million were returned to Treasury as of September 2023, according to agency data.

²⁰Pub. L. No. 113-101, § 2(1), 128 Stat. 1146, 1146. The Digital Accountability and Transparency Act of 2014 amended the Federal Funding Accountability and Transparency Act of 2006. Pub. L. No. 109-282, 120 Stat. 1186 (codified as amended at 31 U.S.C. § 6101 note).

²¹Government Finance Officers Association, “Best Practices: Budget Monitoring” (March 31, 2018), accessed November 16, 2023, <https://www.gfoa.org/materials/budget-monitoring>.

²²GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: September 2014).

²³National Oceanic and Atmospheric Administration, *NOAA Coral Reef Conservation Program Matrix Management Agreement*.

²⁴The CRCP generally receives 2-year appropriations—that is, appropriations that are available to be obligated for 2 fiscal years—on an annual basis.

²⁵According to CRCP officials, the CRCP adopted SMART goals in 2018. SMART goals aim to be Specific, Measurable, Attainable, Relevant, and Time-Based.

²⁶For example, the CRCP had three targets to reach by 2022 related to its climate change pillar. Specifically, the CRCP aimed to (1) implement climate change considerations into coral reef efforts, (2) document coral reef modeling and monitoring needs, and (3) conduct climate change vulnerability assessments in the seven jurisdictions. As of August 2023, the CRCP had met or exceeded its targets in the first two areas and partially met the remaining target related to vulnerability assessments, according to program performance documents and officials.

²⁷Pub. L. No. 106-562, § 208(b), 114 Stat. 2794, 2804. Specifically, the Coral Reef Conservation Act of 2000 required NOAA to submit a report to Congress every 2 years on all activities undertaken to implement the National Coral Reef Action Strategy developed in response to the act, including a description of the funds obligated each fiscal year to advance coral reef conservation. The 2022 reauthorization of the act amended NOAA's specific reporting requirements, although NOAA is still required to report biennially on certain information, including obligations. See 16 U.S.C. § 6413(a).

²⁸National Oceanic and Atmospheric Administration, "CoRIS: Coral Reef Information System" (Nov. 14, 2023), accessed Nov. 14, 2023, <https://www.coris.noaa.gov>.

²⁹Pub. L. No. 106-562, § 208(b), 114 Stat. 2794, 2804.

³⁰GAO, *Evidence-Based Policymaking: Practices to Help Manage and Assess the Results of Federal Efforts*, GAO-23-105460 (Washington, D.C.: July 12, 2023), and GAO-14-704G.

³¹GAO-23-105460.

³²As noted above, we focused our review on the CRCP before its reauthorization in December 2022.

³³See 31 U.S.C. § 7502; 2 C.F.R. § 200.501.