STATE OF RHODE ISLAND
DEPARTMENT OF ADMINISTRATION

OFFICE OF MANAGEMENT & BUDGET

Office of Internal Audit and Program Integrity

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June 24, 2026

Jeffrey Willis, Executive Director
Coastal Resources Management Council
4808 Tower Hill Road
Wakefield, RI 02879

Dear Executive Director Willis:

The Office of Internal Audit and Program Integrity (OIAPI) has completed its performance audit of the Coastal Resources Management Council (CRMC). OIAPI reviewed and evaluated the effectiveness of controls surrounding CRMC's financial and grants management processes. The audit was conducted in accordance with the authority granted to our office, as outlined in Rhode Island General Laws § 35-7.1-1.

The recommendations included herein have been discussed with members of management, and we considered their response to the audit findings and recommendations in the preparation of this report. OIAPI will follow up on the implementation of the recommendations included in this report.

We would like to express our sincere appreciation to the CRMC staff for their cooperation during this audit.

Respectfully,

Andrew Manca

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Date: 2026.06.24 15:38:37 -04'00'

Andrew Manca
Chief of Internal Audit and Program Integrity

Cc: Internal Audit Advisory Group
The Honorable Marvin Abney, Chairman, House Committee on Finance
The Honorable Louis P. DiPalma, Chairman, Senate Committee on Finance
Steven Whitney, Senate Fiscal Advisor
Sharon Reynolds Ferland, House Fiscal Advisor

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Introduction

The Office of Internal Audit and Program Integrity (OIAPI) conducted an audit of the Rhode Island Coastal Resources Management Council. The objective of this audit was to evaluate the adequacy of internal controls over the financial and grants management process, determine whether the agency's procedures are properly designed to safeguard state and federal resources, and to ensure compliance with applicable State and federal laws, policies, and procedures.

Presented below are the background, objective, scope, methodology, findings, recommendations, and management's response.

Background

The Rhode Island Coastal Resources Management Council (CRMC) is an independent State regulatory agency established by the General Assembly in 1971. CRMC operates under Rhode Island General Laws § 46-23, executing the State's policy "to preserve, protect, develop, and where possible, restore the coastal resources of the state for this and succeeding generations."[1] CRMC is responsible for implementing integrated and comprehensive coastal management plans and regulating activities within the State's coastal zone in accordance with both state and federal laws. The agency manages the State's coastal zone through a combination of permitting, regulatory oversight, coordinated planning, and policy development. CRMC's jurisdiction extends from three nautical miles offshore to 200 feet inland from coastal features such as beaches, dunes, coastal wetlands, cliffs, rocky shorelines, and manmade shorelines. It also includes certain inland activities and watersheds where coastal systems can be affected.

CRMC is composed of seven board members appointed by the Governor, per Rhode Island General Laws § 46-23-2, including individuals with expertise in coastal and environmental issues. CRMC's board members guide policy and make final regulatory decisions. Supporting CRMC is a team of engineers, biologists, environmental scientists, and marine resource

[1] RIGL 46-23 Coastal Resources Management Council

specialists with functions of conducting permit reviews, planning, and preparing policy recommendations.

CRMC's core functions include the authorization and oversight of permit activities within the coastal zone with projects ranging from residential and commercial construction to harbor initiatives. The agency conducts preapplication conferences, evaluates permit applications, and develops draft regulations and plans for the board members' consideration. Additionally, CRMC enforces coastal regulations and works with other state and federal agencies to identify and address violations.

Beyond permitting and enforcement, CRMC plays a key role in coastal planning and research, including the development of Special Area Management Plans to address region-specific coastal concerns such as salt ponds and estuarine systems. CRMC also oversees public rights-of-way to tidal waters, ensuring public access, and leads long-term planning efforts related to coastal hazards, climate change adaptation, and shoreline resilience.

CRMC operates under both State authority and in partnership with the federal Coastal Zone Management Act, administered by the National Oceanic and Atmospheric Administration (NOAA). Through this federal-state partnership, CRMC receives funding and technical guidance to enhance its coastal management programs and aligns State efforts with broader national coastal resource protection goals.

Objective and Scope

The objective of this audit was to evaluate whether CRMC's financial and grants management practices support transparency, compliance, and accountability in the administration of resources managed by the agency. The audit focused on the period from July 1, 2024, through January 31, 2026, and included a review of financial transactions, grant administration, subrecipient oversight, record-keeping, monitoring activities, and compliance with applicable federal, state, and internal requirements. OIAPI identified ten grant awards that were active during the audit period. Seven of these grants remained active as of January 31, 2026, and three have expired. Because grant award cycles may span multiple years, certain active and expired awards reviewed during this audit period originated prior to July 1, 2024. As a result, some grant activity evaluated traces back to award periods that began before the defined audit scope.

The audit assessed the accuracy and completeness of financial transactions to determine whether expenditures were supported, allowable, and properly recorded; whether transactions were reconciled to the general ledger; and whether reconciliations were performed in a timely manner. The audit also evaluated the administration of federal grants to determine whether grants were effectively tracked and monitored, whether expenditures complied with applicable requirements, and if required performance and financial reports were submitted on time. OIAPI reviewed internal controls over grant management to determine whether clear policies and procedures were established.

Methodology

This audit focused on the internal controls in place for financial and grants management practices, including the acceptance, recording, deposit and reconciliation of funds. OIAPI also reviewed how CRMC monitors the accuracy, completeness, and timeliness of transactions, as well as compliance with internal policies and applicable laws. By understanding the workflow and identifying any deviations from established protocols, the audit aimed to support process improvements and ensure the safeguarding of State funds.

OIAPI performed the following:

- Interviewed personnel, supervisors, and relevant State personnel staff, including the Grants Management Office, the Budget Office, and the Office of Accounts and Control, to gain insight into operational procedures, responsibilities, and oversight practices
- Examined the end-to-end grants and financial management process, including policies, procedures, and system controls governing the receipt, recording, verification, and deposit of payments
- Reviewed federal online grants databases
- Tested a sample of permit fee transactions and performed on-site testing to assess adherence to established controls and policies
- Verified the accuracy and completeness of receipts and supporting documentation

- Reviewed reconciliation processes, timeliness of deposits, and procedures
- Evaluated audit trails, recordkeeping practices, and monitoring activities

OIAPI also reviewed a report issued in February 2025 by the Performance Management Unit of the Rhode Island Office of Management and Budget, which analyzed the structure of CRMC.[2] This analysis was conducted in response to 2024 Rhode Island Senate Resolution (2024-SR 3149) which requested a review of CRMC to determine if the agency should remain independent or be restructured, either as its own department or integrated with the Rhode Island Department of Environmental Management (DEM). The report outlined several options including potential financial impacts. While CRMC and DEM are two separate entities, they share the same goal of preserving and protecting the State's environment. This report helped provide additional background information for OIAPI to consider during the audit.

Findings, Recommendations, and Management's Response

Finding #1 represents the primary root cause of the issues identified in this report. Additional findings stem from the deficiencies described in this finding. As a result, CRMC should prioritize addressing Finding #1.

FINDING #1: Lack of Dedicated Financial Oversight Structure

Pursuant to Rhode Island General Laws § 35-14-2, the Financial Integrity and Accountability Act require State agencies to establish internal accounting and administrative controls that safeguard assets, ensure accurate accounting data, and promote operational efficiency.[3] The law states that fraud and errors in State programs are more likely when sufficient internal controls are lacking, and that effective internal control structures provide the foundation for public accountability. It defines internal control structures as policies and procedures designed to provide reasonable assurance that an agency achieves its objectives, including reliable financial reporting, compliance with applicable laws and regulations, and effective and efficient operations.

CRMC does not have a chief financial officer (CFO) or dedicated senior finance official. Generally, state agencies are staffed with a senior finance official who is responsible for

[2] OMB Response to S 3149: Evaluating Rhode Island's Coastal Management Framework
[3] RIGL 35-14-2 Financial Integrity and Accountability

financial management and collaboration with the Department of Administration's financial support functions. The senior finance official provides oversight, support, and training to agency finance personnel. The senior finance official's expertise and experience serve to mitigate financial and accounting risks which include, but are not limited to the following:

- Delays or errors in financial reporting
- Weak accountability in budgeting and fiscal decision-making
- Noncompliance with state and federal laws, policies, and regulations
- Improper management of federal grants obligation

OIAPI's findings, as outlined herein, provide additional context as to the significance of these risks.

RECOMMENDATION(S):

1A: Enhance CRMC's financial oversight of operations through one of the following:

a. Establish and fill a senior-level finance position (e.g., Chief Financial Officer or similar role); or
b. Pursue a shared-services model with an existing State agency (e.g., Department of Environmental Management) and develop a Memorandum of Understanding for financial support.

MANAGEMENT'S RESPONSE:

Management has long supported and requested the establishment of a Chief Financial Officer position for the agency. As a matter of fact, the CRMC had argued for many years that its financial responsibilities demanded senior-level staffing. This agency position began after the agency's last audit in 2003.

Even after the 2003 audit was released, the CRMC was informed that because it is a "small agency" there wasn't the justification for such staff. The CRMC's responsibilities at the time were the apparent reason for that conclusion. Given that, CRMC has relied on its longstanding staff, a Chief Resource Specialist and Programming Services Officer, to fulfill the various associated responsibilities associated with its financial systems.

However, the agency's responsibilities have grown and continued to grow. It routinely receives additional regulatory and programmatic responsibilities. These responsibilities come with additional and separate financial charges, such as managing directed and competitive federal awards; legislative funding tasks, such as coastal habitat pass-throughs and municipal resilience programs; and multi-partner work and land conservation efforts that require financial assistance and/or cooperative financial agreements. These agency needs have not been recognized with additional staffing nor financial support. Now, with the current transition into State's new ERP/Workday system that requires high level financial security roles and responsibilities of staff, this Finding is most welcome.

We are therefore very pleased that this audit recommendation supports a position that we have known to be in line with the agency's financial accounting needs. This need has been amplified by the transition to ERP/Workday. While this system integrates an approval hierarchy and establishes a system for management oversight, the transition has been challenging for CRMC, as it has for all state agencies.

Therefore, the need for senior-level financial staffing as per this Finding will be our basis for seeking such immediately.

RESPONSIBLE PARTY:

Executive Director; Deputy Director

ANTICIPATED COMPLETION DATE:

CRMC will work with the Office of Management & Budget and the Division of Personnel to seek authorization and state funding for a new FTE, Chief Financial Officer, beginning immediately by seeking to repurpose an existing position at the agency. If that is not successful, the agency will request such with its budget submittal for fiscal year 2028.

OFFICE OF INTERNAL AUDIT AND PROGRAM INTEGRITY RESPONSE:

CRMC attributes part of the financial oversight weaknesses to the challenges of transitioning to ERP/Workday. However, OIAPI's review shows these deficiencies pre-dated ERP/Workday implementation and stem from the CRMC's longstanding lack of a dedicated financial management structure.

FINDING #2: Inadequate Oversight of Grant Obligations

Federal grant regulations and award agreements require that grant funds be drawn down within the approved period of performance. After the expiration date, funds are no longer available unless an extension has been granted. Effective grant management requires ongoing monitoring of award periods and timely reconciliation of expenditures to drawdowns to ensure full utilization of awarded funds.

NOAA is a federal agency within the U.S. Department of Commerce that provides ongoing funding through the National Coastal Zone Management Program to the State of Rhode Island to help administer the State's federally approved coastal management program. The most recent four NOAA awards, between 2022 and 2025, were within OIAPI's review for the testing period of July 1, 2024, through January 31, 2026. The 2022 award expired on September 30, 2024, while the 2023 award expired on March 31, 2025. As of January 31, 2026, $191,110 remained undrawn under these expired awards. The other two awards do not expire until 2027.

This finding resulted from insufficient monitoring of grant periods of performance and a lack of timely reconciliation and drawdown procedures to ensure funds were requested prior to expiration. CRMC forfeited $191,110 in federal funding and as a result, the forfeiture of these funds required the use of the State's general revenue resources to meet expenditure obligations that had been incurred.

RECOMMENDATION(S):

2A: Establish and implement formal grant monitoring and closeout procedures, including supervisory review, tracking award expiration dates, periodically reconciling expenditures to drawdowns, and ensuring that reimbursement requests are submitted in a timely manner. These procedures should include a documented pre-expiration review to confirm that all allowable costs have been identified, and federal funds fully drawn before the award period ends.

MANAGEMENT'S RESPONSE:

The state began transitioning from RIFANS to new grants management system, eCivis, starting in 2023, as well as the new ERP/Workday system. Transition to these new systems, including the management of NOAA federal grants and competitive awards, and cooperative agreements and subawards with URI, was the sole responsibility of the agency's long-serving Chief Resource Specialist. [*OIAPI's note: CRMC identified a personnel performance concern in its response. Details related to individual personnel performance have been redacted.*]

Since then, the state has finalized its transition to the ERP/Workday system, which provides security roles and a system of oversight involving layered approvals. Biweekly meetings with management and the new Chief Resources Specialist and Programming Services Officer have been established. Monthly meetings have also been established with the CRMC's NOAA liaison to ensure, among other things, that funds are being properly expended and promptly drawn down. In addition, the agency's new Chief Resources Specialist has stepped into this role and is actively addressing and correcting past lapses while at the same time accurately setting up and monitoring new grants.

As is the case with most agencies, ERP/Workday and grant-related program glitches and numerous Teams meetings and trainings have made keeping up with routine duties challenging. While recognizing the overwhelming demands on the ERP/Workday team, agency staff have been hard pressed to receive timely responses for routine assistance from the ERP/Workday team.

RESPONSIBLE PARTY:

CRMC Executive Director, Deputy Director

ANTICIPATED COMPLETION DATE:

Completed

OFFICE OF INTERNAL AUDIT AND PROGRAM INTEGRITY RESPONSE:

While CRMC cites RIFANS-to-eCivis and ERP/Workday transitions as contributing factors, the undrawn and forfeited federal funds relate to the two awards expired prior to ERP/Workday implementation.

FINDING #3: Delayed Payments and Recurring Misstatement of Agency Obligations

CRMC was awarded two contracts by the US Bureau of Safety and Environmental Enforcement. These contract awards relate to Wind Farm Projects, with the University of Rhode Island (URI) named as a designated partner to CRMC. CRMC agreed to reimburse URI for services rendered under the arrangement. Under these agreements, URI submits invoices to CRMC upon completion of applicable deliverables. CRMC subsequently draws down funds from the federal funding source and, in accordance with the agreement, reimburses URI after payment is received from the federal grant award. OIAPI identified significant delays in payments to URI. For purposes of this report, the actual grant names have been replaced with generic labels (Project A and Project B).[4] As of January 31, 2026, Figure 1 summarizes the award amounts, invoiced amounts, and payment status for both projects.

Figure 1: Project A and Project B Award and Payment Status (as of January 31, 2026)

Project	Total Award	Award Period	Total Drawn	Date Drawdown Received	Pending Draws	Invoiced Details		Payments Made	Total Outstanding Invoices
						Invoice Date	Invoice Amount		
A	$1,800,000	Sept 2024 – Active	$400,000	3/30/2025	$0	4/10/2025 8/5/2025 1/15/2026 *Total Invoiced*	$400,000 $200,000 $200,000 $800,000	$0	$800,000
B	$750,000	Apr 2022 – Oct 2025	$620,000	5/24/2025	$130,000	9/14/2022 10/11/2022 10/27/2023 1/9/2024 11/15/2024 3/6/2025 8/12/2025 *Total Invoiced*	$100,000 $250,000 $100,000 $50,000 $50,000 $70,000 $110,000 $730,000	($600,000)	$130,000

As shown in Figure 1, CRMC has not made any payments for Project A despite the first invoice dating back to April 2025 and $400,000 drawn in March 2025. As of January 31, 2026, no additional draw requests were pending despite $800,000 in outstanding invoices. Similarly, Project B has past due invoices dating as far back as September 2022. During OIAPI's engagement, CRMC made its first payment in December 2025 in the amount of $600,000. OIAPI also observed that the pending draw of $130,000 for Project B was requested after the grant award had expired.

[4] Project A is the South Fork Wind Farm Structural Monitoring Project, and Project B is the Coastal Virginia Offshore Wind Pilot Structural Monitoring Project.

These delays indicate weaknesses in the timeliness of the reimbursement process and coordination between invoice receipt and federal drawdown requests. CRMC did not have sufficient controls in place to ensure prompt reimbursement of allowable costs.

As a result, CRMC exposed itself to several risks, including:

- Potential noncompliance with federal grant management requirements
- Strained contractual and working relationships with its contractor
- Increased risk of disputes, penalties, or heightened federal oversight
- Cash flow and operational risks affecting project performance

OIAPI identified multiple misstatements by CRMC. As of June 30, 2025, CRMC owed URI totaling $1,020,000 related to Project A and Project B. While URI recorded the corresponding accounts receivable from CRMC in the State's financial management system, CRMC did not record the related accounts payable to URI, meaning CRMC's financial records did not reflect the amount CRMC owed to URI.

Similarly, as of January 31, 2026, OIAPI identified another misstatement that the unrecorded liability related to these same grants totaled $930,000. Although the balance changed due to new invoices and payment activity, CRMC did not record the corresponding accounts payable. As a result, CRMC's financial obligations remained understated.

Timely payment to URI would have prevented these misstatements. These misstatements increase the risk of inaccurate and unreliable financial reporting. Under accrual basis accounting and generally accepted accounting principles, liabilities should be recorded in the period in which they are incurred to ensure complete and accurate financial reporting. The persistence of this uncorrected misstatement across reporting periods indicates a deficiency in internal controls over the identification and recording of grant-related obligations. CRMC does not have a formalized reconciliation process for grant-related receivables and payables, nor is there sufficient supervisory review to identify and ensure liabilities were properly recorded.

RECOMMENDATION(S):

3A: Establish formal procedures to ensure contract invoices are reviewed and paid in a timely manner.

3B: Record the appropriate accounts payable and related grant liability for all outstanding amounts owed to URI and ensure the adjustment is reflected in the current financial statements. Additionally, evaluate whether prior-period financial statements require adjustment or disclosure.

3C: Implement tracking mechanisms to monitor outstanding account payables under federal awards.

3D: Ensure timely drawdowns align with contractor reimbursement obligations.

MANAGEMENT'S RESPONSE:

[*OIAPI's note: CRMC identified a personnel performance concern in its response. Details related to individual personnel performance have been redacted.*] Management has hired a highly capable team member that has stepped into the role of Chief Resources Specialist and is actively addressing and correcting past lapses while at the same time accurately setting up and monitoring new grants. Under the ERP/Workday system security roles have been established and transactions typically require managerial approval. It bears noting that problems with ERP/Workday have hindered the staff's ability to determine the accuracy of financial statements. Many CFO meetings have centered around the issues with the accuracy of running reports in the system which has caused many financial statement errors (e.g., Cash Basis Report) and delays in reporting.

Biweekly meetings with management and the Chief Resources Specialist and Programming Services Officer have been established. Monthly meetings have been established with the CRMC's NOAA liaison to ensure, among other things, that funds are being properly expended and promptly drawn down.

RESPONSIBLE PARTY:

CRMC Executive Director, Deputy Director

ANTICIPATED COMPLETION DATE:

Completed

OFFICE OF INTERNAL AUDIT AND PROGRAM INTEGRITY RESPONSE:

Delayed payments and unrecorded liabilities in this finding pre-dated ERP/Workday implementation. OIAPI examined and confirmed this review through RIFANS (a legacy statewide financial system used prior to ERP/Workday).

FINDING #4: Inadequate Controls Over Permit and Assent Application Fee Processes

CRMC is responsible for processing permits and assent applications, collecting the associated fees, and depositing payments into the State's general revenue account. A permit is CRMC's authorization for activities that involve design, location, construction, alteration, or development activities in coastal waters or regulated coastal zones. In contrast, an assent is the specific type of CRMC authorization required for most coastal activities that occur within, on, or adjacent to coastal waters or regulated coastal zones and have a reasonable probability of impacting regulated coastal zones.

In accordance with the Rhode Island Code of Regulations (RICR), 650-RICR-10-00-01, section 1.4.2, states, "Application processing fees are non-refundable in the event the CRMC denies an application…" Furthermore, under section 1.4.6(A) of the CRMC fee schedule, application fees must be calculated based on the estimated project cost using the tiered schedule established in the regulations. This ensures consistent fee assessment, prevents over- or undercharging, and provides a basis for fee collection.

CRMC collects application fees at the time the application is submitted, and applicants are required to pay by check. However, CRMC does not deposit the checks until the applications have been reviewed and approved. If an application is denied, CRMC returns the uncashed check to the applicant. While the current application process is paper based, OIAPI noted that Rhode Island General Laws § 46-23-30 requires CRMC to adopt and implement an electronic permitting platform for all applications filed under the CRMC chapter by October 1, 2026. Electronic permitting will automate and streamline key permit activities, including application submission, plan review, document uploads, scheduling, comments, fee calculation, and related project tracking.

OIAPI tested a sample of 25 transactions and identified the following issues:

1. Application Documentation
    - Two applications did not include the estimated project cost or the associated fee. CRMC charged fees of $2,000 and $750 for these applications; however, no documentation was maintained to support how the fees were determined.
2. Application Fee Determination
    - CRMC issued a "Certificate of Maintenance" for a project with an estimated cost of $89,000. According to the fee schedule outlined in RICR 650-RICR-10-00-01, the correct fee should have been $495, but CRMC charged $35.
3. Application Fee Error
    - One applicant paid $25,938, but OIAPI recalculated the fee at $23,438 resulting in applicant overpayment by $2,500.
4. Timeliness of Check Deposits
    - Checks were deposited, on average, 26 days after receipt. CRMC does not have a defined deposit schedule.
    - A total of 49 checks, totaling $49,518, with dates from March 18, 2025, to June 25, 2025, were deposited in July 2025. This resulted in funds not accounted for in the appropriate fiscal year ending June 30, 2025, resulting in an error of $49,518.

The issues were primarily due to inadequate internal controls over permit and assent fee processing, including:

- Absence of written policies and procedures; and
- Lack of independent verification of applicant submitted fee calculations.

As a result of these control deficiencies, for OIAPI's sampled transactions:

- Applicants have been either overcharged or undercharged.

- Documentation supporting fee determinations was incomplete or missing, reducing accountability and transparency.
- Late deposits caused a $49,518 misstatement in FY 2025, impacting the accuracy of financial reporting.

RECOMMENDATION(S):

4A: Establish formal procedures for fee calculation and documentation, ensuring alignment with RICR 650-RICR-10-00-01. Additionally, train and require staff to review fee calculations regularly and in a timely manner.

4B: Develop electronic permitting system to be in compliance with Rhode Island General Laws § 46-23-30 and establish procedures on using the electronic permitting platform.

4C: Implement procedures to deposit checks promptly, with a target of weekly deposits.

4D: Correct OIAPI's identified errors within this finding.

MANAGEMENT'S RESPONSE:

4A: Administrative staff have been retrained on calculating application fees and advised to check and recalculate all fees prior to accepting an application. The application review sheet has been edited to provide an area for fee documentation/calculation. Written correspondence is placed in the application's file.

For important context, and as discussed in interviews with the Audit Team, the example used in the Finding of a $35 fee was associated with the installation of solar panels. The previous executive director determined this activity to be de minimis as such an activity is considered routine maintenance to an existing structure that has zero impacts to the state's coastal resources. The previous executive director therefore correctly established an internal policy that solar panel installation was to be considered routine maintenance and would require a flat fee of $35 regardless of project cost.

4B: CRMC agrees that a new electronic permitting system needs to be developed. The current database in use by the agency was developed in 1996 using a Microsoft platform no longer available nor being supported. The system available as envisioned in RIGL 46-23-30 has been noted by the agency - as well as by RIDEM - to be woefully inadequate to handle the permit data, public notification and tracking, report generation, web hosting, enforcement actions, hearing schedules, regulatory developments and other facets of coastal environmental management. These concerns have been expressed to the Administration several times. Additionally, the agency's federal partner, the National Oceanic & Atmospheric Administration (NOAA), has also identified the development of a new robust database system as a "Necessary Action" one that can handle the full suite of regulatory, enforcement, administrative and public data management required. CRMC has requested financial support for the development of this new database with electronic permitting capabilities for the past several budget cycles and will continue to do so. Failure to correct a "Necessary Action" and develop this new database system may result in cuts to NOAA's federal financial support for the Program.

4C: CRMC has developed a policy and system for ensuring applications and the associated checks are acted upon within two weeks of receipt by the agency and will deposit checks on a weekly basis.

For context one of the greatest assets of the CRMC and its staff is working closely with applicants and with their consultants. Prior to submitting an application – or even if one is simply contemplated – staff makes itself available to applicants to help them understand the materials needed and the regulations required through many vehicles; including informal phone calls; informal in-office meetings; formal pre-application meetings; formal preliminary reports detailing application activity requirements and agency procedures; and, formal application submittal meetings with as many as required follow-up meetings through permit decision.

This availability of staff results in applications being submitted that can mostly be accepted, reviewed and acted upon in a very timely fashion. However, some applications do not result in this position.

Therefore, the current procedure of not depositing an application fee immediately upon receiving an application allows staff to contact the applicant and secure all necessary materials such that it can begin the review process. When checks are deposited immediately and an applicant does not provide all the necessary materials needed to begin a review, we are forced to deem the application deficient and return all submitted materials to the applicant. Should the applicant wish to proceed they are starting the process all over and in our experience weeks if not months go by until a new application is submitted, hopefully with all the necessary materials in hand. Had the staff simply contacted the applicant initially to secure the materials needed this additional delay would not have been necessary, would have removed frustration and, assuming all is equal, resulted in the expeditious issuance of a permit for the applicant rather than adding significant time by following the process the Audit recommends.

4D: Staff have been directed that fees associated with solar panels will be based on project cost until such time that the state's regulatory process, as per the requirements of the Office of Regulatory Reform for revising the agency's fee schedules, can be completed. Staff will contact the Department of Treasury to determine necessary steps to refund the applicant who overpaid in the amount of $2,500.

RESPONSIBLE PARTY:

CRMC Executive Director, Deputy Director

ANTICIPATED COMPLETION DATE:

1. Revision of fee policy for solar panels complete.

2. Development of an electronic permitting system dependent upon adequate funding.

3. Procedures for insuring prompt deposit of checks complete.

4. Refund of $2,500 dependent upon Department of Treasury

FINDING #5: Federal Grants Not Established in Grants Management System

Federal grant awards are required to be managed through the State's grants management system (GMS), the statewide grants administration platform overseen by the Office of Accounts and Control's Grants Management Office. The GMS is used to establish grant awards and facilitate proper financial processing, tracking, and reporting in compliance with federal grant requirements and State policy. The Grants Management Office publishes dashboards on its website illustrating statewide subawards by agency, including information such as program name, award number, cumulative amount awarded, cumulative amount disbursed, and performance start and end dates. These dashboards, which reflect quarterly updates from July 1, 2024, through January 2, 2026, included two grants under CRMC in January 2, 2026 subaward data.

OIAPI conducted a reconciliation of CRMC's grants as per the GMS compared to the federal grants website, USASpending.gov, and identified two federal grant awards that had not yet been entered into the GMS. Both grants commenced on October 1, 2025, with award amounts of $1,578,389 and $2,344,000, respectively.

CRMC did not ensure timely entry and establishment of all federal grant awards in the GMS. Without including this information in the GMS, CRMC is unable to process grant-related financial transactions, increasing the risk of inaccurate reporting and noncompliance with federal and State grant administration requirements. Additionally, statewide dashboards may not accurately reflect all active federal grant awards administered by CRMC.

RECOMMENDATION(S):

5A: Enter the two missing federal grant awards into the GMS to enable proper processing of grant-related financial transactions.

5B: Establish procedures to track the timely setup of new federal grant awards in the GMS to include periodic reconciliation of GMS records to federal reporting sources.

MANAGEMENT'S RESPONSE:

5A: Prior to the Audit, staff was, has been, and is completing the process of entering the two missing federal grant awards.

[*OIAPI's note: CRMC identified a personnel performance concern in its response. Details related to individual personnel performance have been redacted.*] Management has hired a highly capable team member that has stepped into the role of Chief Resources Specialist and is actively addressing and correcting past lapses while at the same time accurately setting up and monitoring new grants

5B: Biweekly meetings with management and the Chief Resources Specialist and Programming Services Officer have been established. Monthly meetings have been established with the CRMC's NOAA liaison to ensure, among other things, that grants in GMS align with federal reporting sources.

RESPONSIBLE PARTY:

CRMC Executive Director, Deputy Director

ANTICIPATED COMPLETION DATE:

1. June 1, 2026

2. Complete

FINDING #6: Delayed Submission to Office of Management and Budget

The Office of Management and Budget (OMB) "Budget Communication and Instructions" guidance requires agency directors to submit fiscal, audit, and performance reports on a quarterly basis. For Fiscal Year 2026, the first quarter reports were due October 30, 2025. Timely submission ensures that OMB can monitor agency performance, budget compliance, and audit-related requirements in accordance with federal and State oversight standards.

As of the date of this report, CRMC has not submitted any FY 2026 reports to OMB (Q1 was due October 30, 2025, and Q2 was due January 30, 2026). Furthermore, the FY 2027 Operating Budget, due September 24, 2025, was submitted late on November 12, 2025. These delays were due to inadequate internal procedures and lack of monitoring to ensure timely report preparation and submission.

As a result, CRMC is noncompliant with OMB reporting requirements, which could:

- Impede OMB's ability to monitor agency fiscal performance and program outcomes.
- Increase the risk of oversight findings or administrative actions.
- Reduce transparency and accountability for the use of federal and State funds.

RECOMMENDATION(S):

6A: Promptly submit past due required reports to OMB.

6B: Develop and maintain a centralized reporting calendar with due dates for all required fiscal, audit, and performance reports.

6C: Provide training to staff responsible for report preparation and submission to ensure awareness of deadlines, reporting requirements, and consequences of noncompliance.

MANAGEMENT'S RESPONSE:

Management does not dispute this Finding. Delayed submittals are attributed to the steep learning curve the new Chief Resource Specialist faced, not inadequate internal procedures or lack of monitoring. During report and budget development, the Chief Resource Specialist worked closely with and was assisted by the CRMC's Budget Analyst. As a result, the Q2 report was submitted to OMB but it appears not through the BFM system. Future submittals are expected to be on time.

In addition, biweekly meetings with management and the Chief Resources Specialist and Programming Services Officer have been established

RESPONSIBLE PARTY:

CRMC Executive Director, Deputy Director

ANTICIPATED COMPLETION DATE:

Complete