

State of Alabama  
Planning State Expenditure Plan  
(PSEP)

Submitted to:

The Gulf Coast Ecosystem Restoration  
Council

Submitted by:

The Alabama Gulf Coast Recovery  
Council

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## Table of Contents

Executive Summary.....	3
Proposal Summary.....	3
Designated State Entity.....	3
Points of Contact.....	3
Planning State Expenditure Plan (PSEP) Narrative.....	4
Scope of Work.....	4
Phase 1 Tasks.....	4
Task #1 - Completion of OSA.....	4
Task #2 - Website and Project Submission Portal/Solicitation of Public Input.....	4
Task #3 - Project Selection Process.....	5
Task #4 - Identify Subject Matter Experts for project review.....	6
Task #5 - Develop Evaluation Form/Conduct Evaluations.....	7
Task #6 - Approval of SEP Projects by the Alabama Council.....	7
Task #7 - Planning Grant Development.....	8
Task #8 - Initial Preparation of Draft SEP.....	8
Phase 2 Tasks	
Task #9 - Preparation of Draft SEP.....	8
Task #10 - Solicit Public Comment.....	8
Task #11 - Approval of final plan and submission to Federal Council.....	9
SEP Process Timeline.....	9
Planning Budget.....	10
Required Planning State Expenditure Plan Components.....	10
Certification of Planning Activities.....	10
Contribution to Overall Economic and Ecological Recovery.....	10
Consistency with the Goals and Objectives of the Comprehensive Plan.....	11
Certification of Excluded Costs.....	11
Financial Management.....	11
State of Alabama Financial Controls.....	12
1. Fiscal Policy and Procedures Manual.....	12
2. Audits - The Department of Examiners of Public Accounts.....	12
3. State of Alabama Comprehensive Annual Financial Report (CAFR) .....	13
4. Financial Management System - STAARS.....	14
5. Alabama Ethics Commission.....	14
ADCNR Financial Controls.....	15
1. Advisory Board.....	15
2. Budgeting and Forecasting.....	16
3. Accounting Section.....	16
4. Internal Audits.....	16
5. Operational Self Assessment (OSA) .....	16
6. Conflicts of Interest.....	17
Attachment 1 - MOU - Alabama Gulf Recovery Council and ADCNR.....	18
Attachment 2 - Project Selection Process.....	23
Attachment 3 - RFP Program Manager.....	33
Attachment 4 - Standards of Conduct Conflicts of Interest Policy.....	56

## **Executive Summary**

### **Proposal Summary**

The Alabama Department of Conservation and Natural Resources (ADCNR) submits this proposal on behalf of the Alabama Gulf Coast Recovery Council for the purpose of obtaining a Planning State Expenditure Plan (PSEP) grant. This proposal is submitted in response to Grant Opportunity Announcement #GCC-GRANT-SEP-15-001, Spill Impact Component Planning Grants-Gulf Coast Ecosystem Restoration Council and meets the requirements outlined in the Oil Spill Impact Component: State Expenditure Plan Guidelines prepared by the Gulf Coast Ecosystem Restoration Council (March 2016). As part of the two-step process for States electing to submit a Planning SEP, this submittal represents Part 1 – Planning SEP Requirements and intends to describe the proposed activities necessary to develop a comprehensive SEP. Upon approval of Part 1, ADCNR will prepare and submit Part II – Planning SEP and Administrative Grant Application for the Federal Council’s review and approval.

### **Designated State Entity**

The Alabama Gulf Coast Recovery Council (Alabama Council) was created with the passage of the Resources and Ecosystems Sustainability, Tourism Opportunities, and Revived Economies Act of the Gulf Coast States of 2012 (RESTORE Act). The 10-member Council consists of the following individuals: Governor of the State of Alabama, who serves as Chair; Director of the Alabama Port Authority, who serves as Vice-Chair; Chairman of the Baldwin County Commission; President of the Mobile County Commission; Mayor of the City of Bayou La Batre; Mayor of the Town of Dauphin Island; Mayor of the City of Fairhope; Mayor of the City of Gulf Shores; Mayor of the City of Mobile; and Mayor of the City of Orange Beach.

The Alabama Council is tasked with developing the State’s Multiyear Implementation Plan (MIP) for the RESTORE Act’s Direct Component and the State Expenditure Plan (SEP) for the RESTORE Act’s Spill Impact Component. Projects to be included in the MIP and the SEP will be selected by the Council by majority vote. In May 2013, the Council selected the Alabama Department of Conservation and Natural Resources (ADCNR) to serve as its Administrative Agent (Administrator). In this role, ADCNR will serve as the Council’s fiduciary agent, outreach coordinator, and administrator (**See Attachment 1 - MOU**).

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## Planning State Expenditure Plan (PSEP) Narrative

### Scope of Work

The purpose of the *Planning State Expenditure Plan (PSEP)* is to develop a Full SEP that prioritizes eligible activities for the Spill Impact Component (Bucket 3) funds and to obtain broad-based participation from individuals, businesses, and organizations in the Gulf Coast region of Alabama. The planning activities included in the Planning SEP are limited to those related to the development of a Full SEP. ADCNR uses a website portal to solicit project suggestions from the public and a selection process designed to assure a consistent review of all projects submitted. ADCNR will also engage a consultant to serve as technical expert and complete detailed evaluations of each supported project. Finally, using information obtained in the technical review, the Alabama Council will approve a slate of projects for inclusion in the SEP, and publish the plan for public review and comment for at least 45 days through the website, email distribution, and a public meeting. ADCNR proposes preparation and completion of the SEP in two phases:

- **Phase 1:** Phase 1 includes tasks completed prior to the anticipated planning grant award date of August 30, 2018 to initiate SEP development (Tasks# 1-8). These tasks are considered pre-award activity.
- **Phase 2:** Phase 2 includes proposed tasks to complete the preparation, review, selection, and approval by the Alabama Council, and public notice steps required to complete SEP development. (Tasks# 9-11).

### Phase 1 Tasks

SEP planning is well underway and summarized in the following Tasks# 1-8. The project submission, selection, and technical review processes are the same as those used for MIP planning as explained below.

1. **Task #1 - Completion of OSA:** Commissioner Chris Blankenship and Director Patti Powell lead the Organizational Self Assessment (OSA) Development team for ADCNR. Completion of the assessment required numerous team meetings, conference calls, and subcommittee meetings to revise, update, and develop policies and procedures. The Volkert team assisted in this endeavor providing technical expertise in procedure development and RESTORE funding experience to expedite completion of the OSA forms.
2. **Task #2 - Website and Project Submission Portal/Solicitation of Public Input -** The Alabama Council and its Executive Director engaged in several activities to assure broad-based participation and input into restoration project development. In March 2014, a project submission portal was opened on the State of Alabama's comprehensive coastal restoration website ([www.alabamacoastalrestoration.org](http://www.alabamacoastalrestoration.org)). This site encourages public participation as follows: 1) allows public access to enter and review project suggestions; allows submission of public comments through the [agcrc@dcnr.alabama.gov](mailto:agcrc@dcnr.alabama.gov) email address; and supports

publishing notices of all public meetings held by the Alabama Council. In addition, the Executive Director held one-on-one meetings and made numerous presentations to more than 40 civic organizations, municipalities, and non-governmental organizations as part of a community education and outreach strategy. Finally, the Alabama Council held public meetings on January 25, 2017 and September 27, 2017 to solicit public input on project suggestions in the portal.

3. **Task #3 - Project Selection Process** - In December 2014, the Alabama Council developed the *Project Selection Process Framework for First Round MIP Development*. Although not required by Treasury, the framework was presented at a public meeting on December 17, 2014 to solicit community feedback into the selection process. It was also published through the Alabama Coastal Restoration email distribution list and posted on both the Alabama Gulf Coast Recovery Council website ([www.restorealabama.org](http://www.restorealabama.org)) and Alabama's comprehensive coastal restoration website ([www.alabamacoastalrestoration.org](http://www.alabamacoastalrestoration.org)). In addition, the Alabama Council narrowed the priority focus areas from the Treasury Qualifying Eligible Activity List to Infrastructure projects benefitting the economy and corresponding planning assistance.

Recognizing both the challenge and expense associated with performing detailed reviews on an unlimited number of project suggestions, the Alabama Council developed a process to move a focus area project forward for more comprehensive evaluation. This process, called a “*Request for Evaluation*” (*RFE*), requires a minimum of 4 council members to request a detailed evaluation on a project. (**See Attachment 2 - Project Selection Process**). The Alabama Council also agreed to evaluate projects based upon individual merit vs. comparison to other submitted projects. Finally, Council members agreed to use the following project-specific factors, as applicable, to complete the technical reviews:

- Demonstrates benefit in relation to cost
- Addresses short-term vs. long-term economic benefit
- Demonstrates a need (impact of no action)
- Demonstrates does not create adverse impacts elsewhere
- Expands/promotes an existing industry or offers diversification
- Demonstrates short- or long-term job creation (direct and indirect)
- Demonstrates feasibility of success with measurable outcomes
- Demonstrates budget reasonableness
- Demonstrates post-implementation sustainability
- Addresses potential risks and uncertainties
- Addresses penalties, requirements and status of environmental compliance
- Addresses use of cutting-edge technology for construction/implementation
- Addresses readiness/length of time for completion
- Demonstrates it is based on best available science
- Addresses the evaluation and identification of outside funding sources

The Alabama Council reviewed and incorporated the Draft Project Selection Process Framework comments, as appropriate, and released its Final Project Selection Process on

December 6, 2016 via the Alabama Coastal Restoration email distribution list and the two websites referenced above. In this same release, the Alabama Council also made a call for project suggestions for First Round MIP Development with a submission deadline of January 13, 2017.

The Alabama Council held a public meeting on January 25, 2017 to receive input on project suggestions under consideration for funding in the portal. The Administrator advised the Council to have Requests for Evaluations submitted by February 24, 2017, and shortly thereafter, the Administrator posted a list of all RFE projects on the two websites referenced above. The Project Selection Process was developed and finalized after convening the Council on the following dates: December 8, 2014, December 17, 2014, March 30, 2015, July 15, 2015, and November 18, 2016.

This project selection process was initially developed for Direct Component opportunities, and subsequently adopted by the Alabama Council for Spill Impact Component opportunities. The Alabama Council also decided to adopt all activities deemed eligible for funding under the RESTORE Act for the SEP as follows:

- Restoration and protection of the natural resources, ecosystems, fisheries, marine and wildlife habitats, beaches, and coastal wetlands of the Gulf Coast region;
- Mitigation of damage to fish, wildlife, and natural resources;
- Implementation of a federally approved marine, coastal, or comprehensive conservation management plan, including fisheries monitoring;
- Workforce development and job creation;
- Improvements to or on State parks located in coastal areas affected by the Deepwater Horizon oil spill;
- Infrastructure projects benefitting the economy or ecosystem resources, including port infrastructure;
- Coastal flood protection and related infrastructure;
- Planning assistance;
- Promotion of tourism in the Gulf Coast region, including recreational fishing; and
- Promotion of the consumption of seafood harvested from the Gulf Coast region.

On July 28, 2017, the Alabama Council issued a call for project suggestions for first round SEP development with a submission deadline of September 15, 2017. The Council held a public meeting on September 27, 2017 to receive input on project suggestions in the portal under consideration for Spill Impact Component funding. Requests for Evaluations were received by November 1, 2017, and shortly thereafter, the Administrator posted a list of all RFE projects on both the Alabama Gulf Coast Recovery Council website ([www.restorealabama.org](http://www.restorealabama.org)) and Alabama's comprehensive coastal restoration website ([www.alabamacoastalrestoration.org](http://www.alabamacoastalrestoration.org))

- 4. Task #4 – Identify Subject Matter Experts for project review** - Detailed evaluations on each RFE project were conducted by qualified subject-matter experts. ADCNR followed State procurement policies and procedures (Code of Alabama 1975 – Article 2- State Bid

Laws (41-16-20) to identify and select Volkert, Inc. (Volkert) to provide DWH Program Management Services. The Request for Qualifications (RFQ) process included:

- Original RFQ posted on the coastal website 12/19/16
- Amended RFQ subsequently posted on coastal website 12/30/16
- Interviewed all firms that responded 1/24/17 and 1/26/17
- Contracted with Volkert on 2/17/17

On July 26, 2017, following a presentation by the Volkert program management team, the Alabama Council voted to engage Volkert to conduct the technical reviews on the RFE projects, and to provide additional services, as needed, to complete the MIP and the SEP (See Attachment 3 - RFP Program Manager).

- 5. Task #5 – Develop Evaluation Form/Conduct Evaluations** – A detailed evaluation form was developed to obtain information needed for project evaluation and ultimate inclusion in the SEP. The forms were built from relevant Federal Council guidance and required forms for SEP submission. The RFE packets were emailed to project submitters on November 27, 2017 with a completion deadline of January 9, 2018. (Submitter has over 30 days to complete and return form). Once the evaluation packets were returned to the Administrator, the information was reviewed for completeness. The Administrator requested additional information, if needed, to ensure the information received was complete and addressed all required fields. Once the Administrator deemed the evaluation packets complete, the information was forwarded to the subject-matter experts (Volkert) for technical review. Volkert completed their review and submitted summary reports to the Administrator. This task was completed on January 24, 2018.
- 6. Task #6 - Approval of SEP Projects by the Alabama Council** – The Administrator convened the Alabama Council to review the technical evaluations and determine which projects would be included in the SEP. As part of this review process, the following additional criteria were considered:
  - Availability and timing of RESTORE funding
  - Potential for leveraging (funds and/or prior activities)
  - Geographic location
  - Disproportionately affected areas
  - Included in a strategic/comprehensive plan
  - Potential for funding from another source
  - Annual recurring costs
  - Scope of overall benefit to the community/region
  - Appropriate implementing entity
  - Ability to implement in phases
  - Other factors

Based on the Alabama Council’s review and guidance, the Administrator prepared a slate of projects for inclusion in the Draft SEP. Once Alabama Council members reviewed the draft

slate, they voted to approve individual projects for inclusion in the Draft SEP.

**7. Task # 7 - Planning Grant Development** – The Executive Director and the Grant Coordinator prepared a draft planning grant document for submission to the Federal Council. The planning grant will be submitted in 2 phases. Upon approval of the initial submission, the Administrator will begin completion of the second phase. It is estimated that Ms. Morgan will dedicate 81 hours to completion of the planning grant and Laura O’Connor will dedicate 117 hours. A detailed review of timesheets for pay periods October 1, 2017 to May 23, 2018 was also completed to document time dedicated to Spill Impact Component activities. Time for the period May 24 – Augusts 30, 2018 is estimated based upon anticipated time needed to complete the planning grant.

**8. Task #8 – Initial Preparation of Draft SEP**

The Executive Director and the Grant Coordinator will prepare a draft SEP document for submission to the Federal Council. They researched guidelines, held a conference call with Federal Council staff, and began completing the SEP template using information submitted on each of the thirty-one (31) projects.

**Phase 2 Tasks**

ADCNR anticipates an award date of November 15, 2018 and proposes the following activities (Tasks 9-11) to complete preparation and submission of the SEP.

**9. Task #9 - Preparation of Draft SEP**

The Executive Director and the Grant Coordinator will continue preparation of the draft SEP document for submission to the Federal Council. Once the initial template has been completed, the Administrator will schedule one-on-one meetings with project submitters to complete the SEP template prior to submission to the Federal Council. Once the Federal Council has completed its review, the document will be revised accordingly and submitted for final review and approval.

**Anticipated completion date: July 31, 2018**

**10. Task #10 – Solicit Public Comment** - After completion of the Draft SEP, the Alabama Council will review, revise, and adopt the plan. The plan will then be released for public comment for 45 days on the following websites:

- Alabama Gulf Coast Recovery Council website, [www.restorealabama.org](http://www.restorealabama.org);
- Alabama Department of Conservation and Natural Resources’ (ADCNR) comprehensive coastal restoration website, [www.alabamacoastalrestoration.org](http://www.alabamacoastalrestoration.org);
- Mobile Bay National Estuary Program website, [www.mobilebaynep.com](http://www.mobilebaynep.com);
- Mississippi-Alabama Sea Grant Consortium website, [www.masgc.org](http://www.masgc.org); and
- Gulf of Mexico Alliance website, [www.gulfofmexicoalliance.org](http://www.gulfofmexicoalliance.org).

The Draft SEP release will also be announced through Alabama’s comprehensive coastal restoration email distribution list. The Alabama Council will accept comments via email at



[agcrc@dcnr.alabama.gov](mailto:agcrc@dcnr.alabama.gov) and U.S. Mail at 118 N. Royal Street, Suite 603, Mobile, AL 36602. In addition, the Alabama Council will hold a public meeting during the 45-day comment period to accept additional comments. At the end of the comment period, the Administrator will compile and summarize the comments and prepare a report for the Alabama Council. The Alabama Council will review and consider the comments and have the Administrator revise the Draft SEP as appropriate.

**Anticipated completion date: September 30, 2018**

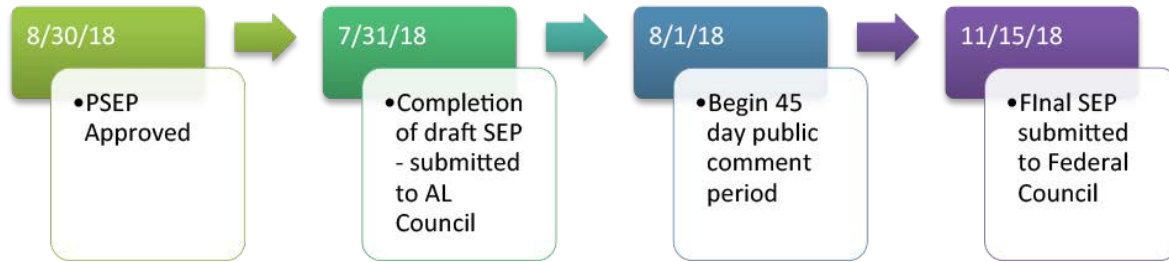
11. **Task # 11 – Approval of final plan and submission to Federal Council** - After review of proposed revisions, the Administrator will convene the Alabama Council to formally approve the SEP. The Administrator will then submit the final document to the Federal Council for review and approval. All project evaluations and public comments for each project included in the Draft SEP will be posted online at [www.restorealabama.org](http://www.restorealabama.org). Upon submission to the Federal Council for approval, the final SEP will be released via Alabama’s comprehensive coastal restoration email distribution list and posted online on the following websites:

- Alabama Gulf Coast Recovery Council website, [www.restorealabama.org](http://www.restorealabama.org);
- Alabama Department of Conservation and Natural Resources’ (ADCNR) comprehensive coastal restoration website, [www.alabamacoastalrestoration.org](http://www.alabamacoastalrestoration.org);
- Mobile Bay National Estuary Program website, [www.mobilebaynep.com](http://www.mobilebaynep.com);
- Mississippi-Alabama Sea Grant Consortium website, [www.masgc.org](http://www.masgc.org); and
- Gulf of Mexico Alliance website, [www.gulfofmexicoalliance.org](http://www.gulfofmexicoalliance.org).

**Anticipated completion date: November 15, 2018**

## **SEP Process Timeline**

The following chart summarizes major milestones for the project timeline:



## Planning Budget

ADCNR requests a Planning Grant totaling \$339,775: Phase 1 (Pre-Award) Total - \$206,451 and Phase 2 Total - \$133,324 as outlined by Task below:

Phase 1	Pre-Award Costs	Total Costs
Task 1	Completion of OSA	\$69,508
Task 2	Website, Portal, and Public Input	\$0
Task 3	Project Selection Process	\$3,577
Task 4	Identify Subject Matter Experts	\$8,498
Task 5	Develop Evaluation Form/Conduct Evaluations	\$91,518
Task 6	Approval of Projects by Alabama Council	\$5,533
Task 7	Planning Grant Development	\$10,042
Task 8	Initial Preparation of Draft SEP	\$17,776
	<b>Total Pre-Award Costs</b>	<b>\$206,451</b>
Phase 2	Proposed Project Costs	
Task 9	Preparation of Draft SEP	\$121,516
Task 10	Solicit Public Comment	\$5,668
Task 11	Final Plan/Submission to Federal Council	\$6,139
	<b>Total Proposed Project Costs</b>	<b>\$133,324</b>
<b>Total Phase 1 and Phase 2 Costs</b>		<b>\$339,775</b>

## Required Planning State Expenditure Plan Components

### Certification of Planning Activities

The Alabama Department of Conservation and Natural Resources (ADCNR) submits this proposal for the purpose of obtaining a Planning SEP (PSEP) to prepare and submit a Final SEP to the Federal Council for approval. ADCNR certifies that the planning activities outlined in Phase 1 (Tasks 1-8), and Phase 2 (Tasks 9-11) above are limited to those related to the development of the Full SEP.

### **Certification of Overall Economic and Ecological Recovery**

All activities included in this submission are eligible for funding under RESTORE Act (33 U.S.C. §1321(t)(1) (B)(i)(III)) and are deemed to contribute to the overall economic and ecological recovery of the Gulf Coast. As part of the application form, each project submitter must provide narrative to describe both the financial and economic impact their project will have on the Alabama Gulf Coast. In addition, the subject-matter experts reviewed each project submitted to ascertain if these descriptions were adequate for Federal Council submission. ADCNR will work with each SEP grant applicant to ensure these overarching goals are met.

### **Consistency with the Goals and Objectives of the Comprehensive Plan**

The PSEP proposes activities in two Phases: Phase 1 (Tasks 1-8) outlining pre-award activity and Phase 2 (Tasks 9-11) outlining post award activities. In Phase 1, ADCNR describes a detailed procedure for selecting, reviewing, approving, and finally including projects into the Draft SEP. All projects submitted will demonstrate how they are consistent with at least one of the five Federal Council goals including:

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

All projects submitted will also demonstrate how they address one or more of the seven Federal Council objectives:

1. Restore, Enhance, and Protect Habitats
2. Restore, Improve, and Protect Water Resources
3. Protect and Restore Living Coastal and Marine Resources
4. Restore and Enhance Natural Processes and Shorelines
5. Promote Community Resilience
6. Promote Natural Resource Stewardship and Environmental Education
7. Improve Science-Based Decision-Making Processes

### **Certification of Excluded Costs**

ADCNR certifies that the PSEP does not include costs for infrastructure or engineering and environmental studies. Once Federal Council approval is obtained for the PSEP, a detailed budget narrative will be submitted as part of the PSEP Administrative Grant application. This narrative will provide further documentation that no infrastructure or engineering and environmental costs are included.

## **Financial Management**

The Alabama Council is committed to providing the financial control environment needed to ensure the public and Congress that funds will be managed appropriately to further the purposes of the RESTORE Act. In May 2013, the Council selected the Alabama Department of Conservation and Natural Resources (ADCNR) to serve as its Administrative Agent (Administrator) for RESTORE Act funds. ADCNR will serve as the Council's fiduciary agent, outreach coordinator, and administrator. All programs and projects administered by ADCNR are subject to both State of Alabama and ADCNR policies and procedures, thereby providing an additional layer of fiscal oversight for these funds.

**State of Alabama Financial Controls:** As a department of the State of Alabama, ADCNR is subject to the financial policies and procedures mandated by the State, including the Alabama Department of Finance fiscal policy and procedures requirements, the state ethics commission, the state personnel department's rules and regulations, and any regulations imposed by federal funding agency. ADCNR is also subject to audits and compliance examinations by the Department of Examiners of Public Accounts to ensure compliance with applicable federal, state, and local laws, rules, policies and procedures, and sound financial practices.

1. ***Fiscal Policy and Procedures Manual*** – As authorized by the Code of Alabama 1975 (amended §41-4-35), the Fiscal Policy and Procedures Manual standardizes accounting and financial policies and procedures that are within the authority of the State Department of Finance. The Fiscal Policy and Procedures Manual, updated in 2017, was developed to assist state departments with the operation of the state-wide accounting system STAARS, and to provide guidance in complying with statutory requirements and administrative procedures. The manual also documents the policies and procedures related to State financial controls including budgeting, revenue and receipts, expenditures and disbursements, purchasing, contracts, journal vouchers, payroll/personnel, and financial reporting.

State funds are entrusted to the head of a department, board, bureau, commission, agency, office, institution, authority, council, service, or system. The department head is primarily responsible for the expenditure of public monies in accordance with statutes and federal guidelines where applicable. Each department head makes decisions and exercises authority relative to the expenditure of funds within the bounds of the department's appropriation(s) and legal function. The manual is intended to assist state officials in complying with laws, policies, and procedures that apply to the fiscal administration of state departments, and is in addition to ADCNR departmental procedures or policies.

2. ***Audits - The Department of Examiners of Public Accounts*** - The Department of Examiners of Public Accounts was created in 1947 and placed under the direction of the Legislative Committee on Public Accounts. The Legislative Committee on Public Accounts has 12 members. The House of Representatives elects five members from its membership and the Senate elects five from its membership. By law, the Lieutenant Governor is the Chairman of the committee, and the Speaker of the House is Vice-Chairman. Once every seven years, the Legislative Committee on Public Accounts appoints a Chief Examiner to manage and direct the Department of Examiners of Public Accounts. The Department of Examiners of Public Accounts receives its' authority from the Code of Alabama 1975, Sections 41-5-1 through 41-5-24, and is empowered to audit the books, accounts, and records of all state and county offices, officers, bureaus, boards, commissions, corporations, departments, and agencies and to report on expenditures, contracts, or other audit findings found to be in violation of law. The Department has the authority to make audits of the accounts of all entities receiving or disbursing public funds. The Examiners of Public Accounts is also empowered to conduct investigations as a result of audits and to assist other governmental officers such as the Attorney General, District Attorneys, and federal agencies, and to certify official acts and require the repayment of amounts of monies and other resources due to the State, County, municipality, or other governmental units from various public officers, their employees, or agents.

The majority of audit work performed by the Department consists of traditional financial and compliance audits, including Federal compliance. These audits focus on two areas: reliability and accuracy of financial statements; and compliance with laws, ordinances, regulations, and other requirements. In addition, the Department performs "operational audits" and sunset reviews that go beyond the traditional audits and address economy, efficiency, and effectiveness of operations. Such audits have been developed because the performance of governmental entities is not generally measured by profit and cannot therefore be determined through analysis of financial transactions alone. Operational audits and sunset reviews are not normally comprehensive, but focus on particular aspects of operations.

3. **State of Alabama Comprehensive Annual Financial Report (CAFR)** – This report presents financial information on all of State government as a single reporting entity. While state law allows many state organizations to operate largely independent of the daily central control and scrutiny of the Department of Finance, State Auditor, and State Treasurer, this report combines the financial data of all state organizations in order to present a comprehensive picture of state finances. The numerous departments, agencies, elected officials, boards, commissions, authorities, colleges, universities, and other organizational units of the State are included in this report in accordance with standards established by the Governmental Accounting Standards Board.

The CAFR is audited annually by the Department of Examiners of Public Accounts. The Examiners conduct their audit in accordance with auditing

standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The Examiners' unmodified opinion appears at the beginning of the financial section of each report. The State will also undergo an audit of federal programs to conform to the requirements of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A- 133, Audits of States, Local Governments, and Non-Profit Organizations and Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements (Uniform Guidance). Information relating to the single audit, including the schedule of expenditures of federal awards, and audit findings and recommendations, is issued in a separate report and made available at a later date from the Department of Examiners of Public Accounts.

4. **Financial Management System -STAARS** – The State utilizes an enterprise-wide accounting system, STAARS (State of Alabama Accounting and Resource System), to support all financial, procurement, and human resource transactions. All vendor interactions and solicitations, purchase orders, payments, and receipts are also maintained in STAARS. This system enables the State to accumulate data for several purposes including budgetary control, budgetary reporting, and financial reporting.

All fees, receipts and income collected or received by any State department are deposited into the State Treasury or an approved state depository to the credit of a special fund as required by law (Code of Alabama 1975, §41-4-92, as amended). The State Comptroller's Office is charged with controlling and recording all payments into and out of the State Treasury and each special fund and account. The Comptroller's Office also audits receipts and receivables (Code of Alabama 1975, §41-4-50, as amended).

The department deposits monies received into a State Treasury bank account. The deposit documentation/slip is attached to the STAARS cash receipt document. The Receipts Section of the Comptroller's Office reviews certain Cash Receipt documents for valid account coding and overall completeness. For any errors encountered, the Receipts Section will reject the document back to the department requesting the necessary corrections be made to fix the errors. Once the cash receipt document has been corrected, the document may be resubmitted into STAARS workflow for approval.

5. **Alabama Ethics Commission** - The Alabama Ethics Commission was created by the Alabama Legislature in 1973 by Act No. 1056. The mission of this Commission is to ensure that public officials are independent and impartial; that decisions and policies are made in the proper governmental channels; that public office is not used for private gain; and, most importantly, that there is public confidence in the integrity of government. The Ethics Commission generally deals with issues involving conflicts of interest, or the use of office for personal gain, on the part of public officials and public employees in Alabama. The Commission is also responsible for collecting Statements of Economic Interest forms, lobbyist and principal disclosure forms, and many other documents from

public officials in Alabama. Finally, the Commission also has jurisdiction over the Fair Campaign Practices Act (FCPA).

Intentional violations of the Ethics Act are Class B felonies punishable upon conviction with a sentence of between 2-20 years in prison per violation and a fine of up to \$20,000.00 per violation. All other violations are Class A misdemeanors punishable, upon conviction, of up to a year in prison per violation and a fine of up to \$6,000.00 per violation. It may either be referred to the Attorney General's office or the appropriate District Attorney for presentation to a grand jury for possible prosecution, or the Commission may resolve the matter administratively through the imposition of a fine. Administrative resolutions are limited to minor violations (defined as less than \$250.00 gain to the public official or employee, or less than \$250.00 loss to the public entity). Administrative fines may not exceed \$1,000.00 per violation.

### **Alabama Department of Conservation and Natural Resources (ADCNR) – Financial Controls**

*“The Department’s major goal is to promote the statewide stewardship and enjoyment of Alabama’s natural resources, and to ensure that future generations will be able to enjoy these resources.” (From the Alabama Department of Conservation and Natural Resources Annual Report 2015-16)*

In addition to the State’s financial control infrastructure, ADCNR is also subject to internal processes for managing programs and grants. ADCNR is uniquely qualified to serve as Administrator for the Alabama Restore Council RESTORE Act funds. ADCNR’s scope of operations includes the administration, management, and maintenance of 19 state parks, 23 public fishing lakes, three freshwater fish hatcheries, more than 141 public boat ramps, 33 wildlife management areas, 11 shooting ranges, a saltwater mariculture center, and 645,000 acres of trust lands. Other departmental functions include maintenance of a State Land Resource Information Center and administration of the Forever Wild land acquisition program. The Department consists of four operational divisions and eight support sections. The operational divisions include Marine Resources, State Lands, State Parks, and Wildlife and Freshwater Fisheries. Support sections include Accounting, Engineering, Information and Education, Information Technology, Legal, Personnel and Payroll, and Property Inventory. The Commissioner is appointed by the Governor as a member of his/her Cabinet and advises the Governor and Legislature on management of freshwater fish, wildlife, marine resources, waterway safety, state lands, state parks, and other natural resources.

- 1. Advisory Board** - The Commissioner is advised by the Conservation Advisory Board, which is also appointed by the Governor. Created by statute, the Advisory Board is composed of 10 members appointed by the governor for alternating terms of six years, and three ex-officio members in the persons of the Governor, the Commissioner of Agriculture and Industries, and the Director of the Alabama Cooperative Extension System. The Commissioner of Conservation and Natural Resources serves as the ex-officio secretary of the board. The Advisory Board assists in formulating policies for the ADCNR, examines all rules and regulations, and makes recommendations for their

change or amendment. By a two-thirds vote of the members present and with the Governor's approval, the board can amend, make any changes, repeal or create, and promulgate additional rules and regulations. The Board also assists in publicizing the Department's programs and activities.

2. **Budgeting and Forecasting** - In accordance with Alabama Statutes, ADCNR adopts an annual balanced budget. ADCNR's budget is legally enacted through passage of a resolution. Intradepartmental budget amendments are approved by the designated Budget Officer or ADCNR Administrator. Budget amendments relating to 1) increasing total personnel services appropriated with each department/elected official or 2) request affecting the general fund and transportation trust fund reserve for contingencies require prior approval of the Agency. Approved budget amendments are filed with the Finance Department and become a part of ADCNR Budget.
3. **Accounting Section** - The Accounting Section is the central clearinghouse for all departmental financial data. Accounting maintains and records all receipts and disbursements for the Commissioner's office, staff sections, and each of the four divisions. Accounting is responsible for six internal functions: Accounts Payable, Accounts Receivable, Budgeting, Procurement, Hunting and Fishing License Sales, and Financial Reporting.
  - *Accounts Payable* reviews and approves all payment transactions and transfer journal entries for the department. Over 15,000 transactions are processed on an annual basis.
  - *Accounts Receivable* reviews and approves all cash receipts and investment transactions for the department. Over 12,000 transactions are processed on an annual basis.
  - *The Budgeting Office* prepares and submits the annual budget. It also processes budget modifications as required during the year.
  - *Procurement* provides purchasing assistance to each administrative section and to all divisions. This office is the liaison between ADCNR and State Purchasing.
  - *The Hunting and Fishing License Office* is responsible for receiving revenues from license sales and certifying them into the Wildlife and Freshwater Fisheries and Marine Resources funds.
  - *Financial Reporting* processes CAFR entries, closing entries, reports on grants, calculates federal draws, and maintains grant budgets for the Department.
4. **Internal Audits** - The Finance staff performs an internal audit on each fund on at least an annual basis, and more regularly for certain higher risk funds. This fund audit includes an analytical review of revenues and expenditures and a tie out of the significant assets and liabilities for the reporting period. The internal fund audits are designed to evaluate non-routine information and provide a means for further investigation of such items.
5. **Operational Self-Assessment (OSA)** - During completion of the OSA, ADCNR management addresses fraud risk by encouraging strong ethical behavior using the



following tools:

- **State of Alabama Ethics Commission-** Outlines state code of ethics and standards of conduct
- **Ethics and Fraud Training** - All DCNR employees are required to attend at least two hours of ethics training and fraud training on an annual basis.
- **New Employee Orientation** - Ethics and Standards of Conduct along with other Human Resource policies are included in the Employee Orientation binder. Employees are required to acknowledge the receipt of the policies and that they will abide by the policies and procedures. Violations of these policies may result in disciplinary action.
- **Conflicts of Interest** -Employees are required to comply with financial disclosure requirements on an annual basis.

**Background Checks** – Criminal background checks are conducted on certain ADCNR employees with financial background checks also conducted on upper level management.

In addition, ADCNR employees must affirm annually they have received and concur with the following policies: Conflict of Interest, Fraud, Debarment and Suspension, Harassment and Discrimination, and Whistleblower and Ethics.

6. **Conflicts of Interest** - As a state entity, ADCNR is governed by the Code of Alabama 1975 Code of Ethics for Public Officials, Employees, etc. (Sections 36-25-1 through 36-25-30). A conflict of interest is defined as ...“any action, inaction, or decision by a public official or public employee in the discharge of his or her official duties which would materially affect his or her financial interest or those of his or her family member...” In addition, ADCNR implemented a departmental Standards of Conduct Conflict of Interest Policy (**See Attachment 4 - Conflict of Interest Policy**) to prohibit conflicts of interest, including financial conflicts of interest in: (a) the award of grant funds or the selection, award, or administration of a contract; (b) the use of confidential information and (c) official actions of the agency and to require the reporting of actual or potential conflicts of interests. This policy is intended to supplement, but not replace, federal and state laws governing conflicts of interest and it applies to all employees and officials of ADCNR. The selection, development, and implementation of all SEP projects fall under these policies, and ADCNR commits to providing full and open competition as required under 2 CFR 200.319. Moreover, ADCNR will monitor all recipients and subrecipients to ensure all procurement transactions are conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals will be excluded from competing for such procurements.