

## **Environmental Protection Agency**

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#### **COORDINATION WITH OTHER AGENCIES ENABLING SUPPORT PROGRAMS**

##### **Office of the Chief Financial Officer (OCFO)**

EPA will develop and issue guidance for executive agencies to use when purchasing goods and services in response to Executive Order 13101 to show a preference for "environmentally preferable" products and services.

To achieve its mission, OCFO has undertaken specific coordination efforts with Federal and state agencies and departments through two separate vehicles: 1) the National Academy of Public Administration's Consortium on Improving Government Performance; 2) active contributions to standing interagency management committees, including the Chief Financial Officers Council and the Federal Financial Managers' Council. These groups are focused on improving resources management and accountability throughout the Federal government. OCFO also coordinates appropriately with Congress and other Federal agencies, such as Department of Treasury, Office of Management of Budget, and the General Accounting Office.

##### **Office of Environmental Information (OEI)**

EPA works with its state partners under the State/EPA Information Management Workgroup and the Network Steering Board. This workgroup has created action teams to jointly develop key information projects. Action teams consist of EPA, state, and Tribal members. They are structured to result in consensus solutions to information management issues which affect states, tribes, and EPA, such as the development and use of environmental data standards, and implementation of new technologies for collecting and reporting information.

EPA also participates in multiple workgroups with other Federal agencies including the United States Geological Survey (USGS), Federal Geographic Data Committee (FGDC), and CIO Council (<http://www.cio.gov/>). The Agency is actively involved with several agencies in developing government-wide e-government reforms, and continues to participate with the Office of Homeland Security and national security agencies on homeland security. These multi-agency workgroups are designed to ensure consistent implementation of standards and technologies across Federal agencies in order to support efficient data sharing.

EPA will continue to coordinate with key Federal data sharing partners including the USGS, Bureau of Indian Affairs, and the Fish and Wildlife Service as well as state and local data sharing partners in public access information initiatives. With respect to community-based environmental programs, EPA coordinates with state, Tribal, and local agencies, and with non-governmental organizations, to design and implement specific projects.

The nature and degree of EPA's interaction with other entities varies widely, depending on the nature of the project and the location(s) in which it is implemented. EPA is working closely with the FGDC and the USGS to develop and implement the infrastructure for national spatial data. EPA is coordinating its program with other state and Federal organizations, including the

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Council for Environmental Quality and the Environmental Council of States, to insure that the appropriate context is represented for observed environmental and human health conditions.

EPA will continue to coordinate with other Federal agencies on IT infrastructure and security issues by participating on the Federal CIO Council. For example, EPA (along with the Department of Labor) recently co-chaired a Federal government committee on security. EPA will continue to participate on the CIO Council committees on security, capital planning, workforce development, interoperability, and e-Gov, and will engage with other Federal agencies in ensuring the infrastructure for homeland security.

EPA is a leader in many areas, such as E-dockets. EPA has a modern well-supported system that can host other Agencies' docket systems, thereby reducing their costs to develop or deploy such a system. EPA will also continue to coordinate with state agencies on IT infrastructure and security issues through state organizations such as the National Association of State Information Resources Executives. In addition, EPA, along with other Federal agencies, is involved in the OMB led e-Gov initiatives. As part of this effort, EPA, OMB, the Department of Transportation, and ten other Federal agencies are examining the expansion of EPA's Regulatory Public Access System, a consolidated on-line rule-making docket system providing a single point of access for all Federal rules. EPA is also coordinating efforts with the National Archives and Records Administration on an e-records initiative. This effort is aimed at establishing uniform procedures, requirements, and standards for electronic record keeping of Federal e-Gov records.

#### **Office of the Inspector General (OIG)**

The EPA Inspector General is a member of the President's Council on Integrity and Efficiency (PCIE), an organization comprised of Federal Inspectors General (IG). The PCIE coordinates and improves the way IGs conduct audits and investigations, and completes projects of government-wide interest. The EPA IG chairs the PCIE's Environmental Consortium, GPRA Roundtable, and Human Resources Committee. The Consortium, which seeks effective solutions to cross-cutting environmental issues, currently includes representatives from 19 executive agencies and GAO. The OIG Computer Crimes Unit coordinates activities with other law enforcement organizations that have computer crimes units such as the Federal Bureau of Investigation, the Secret Service, and the Department of Justice. In addition, the OIG participates with various inter-governmental audit forums, professional associations, and other cross-governmental forums to exchange information, share best practices, and directly collaborative efforts.

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#### MAJOR MANAGEMENT CHALLENGES

EPA continues to strengthen its management practices to achieve results and maintain public confidence. In FY 2004, for the third consecutive year, EPA reported no material weaknesses under the Federal Managers Financial Integrity Act (FMFIA). During the year, the Agency resolved three of its less severe, internal Agency weaknesses, which are reportable conditions that merit the attention of the Administrator.

OMB continues to recognize EPA's efforts to maintain effective and efficient management controls. Since June 2003, the Agency has maintained its "green" status score for Improved Financial Performance under the President's Management Agenda (PMA). Following are discussions of the Agency's management challenges and the progress made in addressing them.

#### **Challenges in Addressing the Air Toxics Regulatory Program Goals**

**Challenge:** *While EPA has achieved its Phase I goal of issuing technology-based standards, there are concerns about EPA's efforts to assess and implement Phase 2, residual risk standards, as well as the accuracy of air toxics data used in measuring progress.*

**Agency Response:** Since the passage of the Clean Air Act (CAA) Amendments of 1990, the Agency has worked to target its Air Toxics Program resources to sources with the greatest emissions and risks. The Agency completed a key provision of the CAA that addresses major stationary sources of air toxics by issuing 96 Maximum Achievable Control Technology (MACT) standards that apply to 174 industrial categories. This effort resulted in annual reductions of 1.5 million tons of toxic air emissions and will achieve even greater reductions by 2007, when all sources must fully comply. Although the Agency has made great progress, it must prioritize resources in order to fully implement the remaining CAA requirements and maximize risk reduction. To date, the Agency has completed 15 area source standards and is developing standards for an additional 25 area source categories, projected for completion in 2008. Once completed, these 40 standards will address well over 90 percent of the toxicity-weighted emissions from area sources. EPA recently proposed its first residual risk standard for coke ovens and is developing rules for seven other industrial categories. EPA will continue to develop tools for risk screening and assessment and to train states, local agencies, and tribes in implementing the Residual Risk Program effectively. To track progress and ensure measurable reductions in air toxics, EPA is improving its air toxics monitoring network and is continuing to update the toxics inventory and exposure and risk estimates through the National Air Toxics Assessment every 3 years.

Rather than expending resources now on the last 30 area source categories, which represent only 10 percent of the area source toxicity-weighted emissions, EPA's strategy is first to address opportunities for more significant toxic emission reductions. Communities with numerous sources of air toxics may experience disproportionate risks. Because communities may be able to reduce some toxic sources more quickly and effectively through local initiatives than through national regulations, the CAA requires that the Area Source Program include a community support component. EPA has been providing funding, tools, and training to communities and

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tribes to address their unique air toxic issues. EPA has aggressively addressed mobile sources through reformulated gasoline, engine standards, and other regulatory efforts, as well as through a voluntary diesel retrofit program. Based on 1990 levels, we expect a 90 percent reduction in diesel emissions and a 60 percent reduction in other mobile source air toxics by 2020.

EPA has developed and is implementing a comprehensive strategy for achieving toxic risk reductions and intends to work with its authorization and appropriations committees on these issues. EPA will also adjust its strategy as necessary to reflect legal constraints and maximize air toxic risk reductions.

#### Recent Accomplishments:

- Developed the Human Exposure Model as a tool to improve the quality of risk predictions for major point sources of air toxics.
- Developed the Total Risk Integrated Methodology to aid in multi-pathway risk characterizations.
- Revised air toxics performance measures to report reductions in toxicity-weighted emissions of hazardous air pollutants, more clearly linking program performance to environmental outcomes.

#### Plans for Further Improvements:

- Develop an innovative approach to assess low-risk facilities quickly and exempt them from future regulations.
- Develop an innovative approach to assess impacts from entire facilities, thus addressing together several source categories.
- Continue to improve the quality and timeliness of air toxic emissions inventories using the National Emission Inventory to estimate the tons of emissions reduced.
- Develop an air toxics monitoring network to supplement the “toxicity-weighted emissions” measure of risk reduction progress.

#### **Reduce the Backlog of National Pollutant Discharge Elimination System (NPDES) Permits<sup>1</sup>**

**Challenge:** *OIG is assessing the environmental impact of the NPDES backlog, how well the backlog measures reflect environmental impacts of delayed permit reissuance or issuance, and how successful EPA and states have been in managing the backlog.*

**Agency Response:** The NPDES permit backlog was identified as a material weakness, via the FMFIA process, in FY 1998 and reduced to an Agency weakness in FY 2002. Based on November 1998 Permit Compliance System (PCS) data, only 74 percent of expired permits for major facilities and 52 percent of expired permits for minor facilities had been reissued in a timely manner. Expired NPDES permits may not reflect the most recent applicable effluent limitations guidelines, water quality standards, or Total Maximum Daily Loads. Without timely

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<sup>1</sup> U.S. EPA, Office of Water, *National Pollutant Discharge Elimination System (NPDES), Backlog Reduction*. Available at <http://cfpub.epa.gov/npdes/permitissuance/backlog.cfm>.

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issuance of high quality permits reflecting changed requirements, necessary improvements in water quality will be delayed.

EPA has made good progress in reducing the permitting backlog and has accelerated efforts to complete remaining actions and validate success. At the end of FY 2004, 85 percent of major facilities had current permits and 87 percent of minor facilities were covered by current permits (in FY 1998 the percentages were 74 and 52, respectively). Issuing major permits continues to present challenges due to competing priorities and the increasing complexity of permitting in a watershed context. The Permitting for Environmental Results initiative, designed to focus on permits expected to produce the most significant environmental results, is helping to address these challenges. An increasing number of states are issuing permits on a watershed basis and incorporating other innovative techniques, such as water quality trading, to address the NPDES backlog and reduce or eliminate discharges into the Nation's waters. As EPA continues to implement the revised combined animal feeding operations regulation, and focus on the most environmentally significant permits, reductions in pollutant loadings are expected to increase.

In FY 2005, the Agency will validate the effectiveness of the backlog reduction strategy through data analysis, using data systems and new oversight tools to provide quarterly monitoring of permit status and trends in related aspects of water programs.

#### Recent Accomplishments:

- Developed and began implementing (in 2003) the Permitting for Environmental Results (PERS) initiative to focus scarce permit writing resources on environmentally significant permits, improve the quality of national data on permit issuance, and reduce the backlog of NPDES permits. Over the past 5 years, state and regional efforts to implement EPA's permit issuance strategy have significantly reduced the permit backlog.
- Worked with states to develop permit issuance plans that focus on environmentally significant permits and ensure that the core NPDES permit program is implemented.
- Improved efficiency by developing tools to streamline the NPDES permitting process (i.e., encouraging states to use general permits and automating the permit writing process).
- Developed and demonstrated an *E-NPDES* tool to generate higher quality permits and reduce errors in developing water quality-based effluent limits in permits.

#### Plans for Further Improvements:

- Work with 40 states to modernize the Agency's Permit Compliance System (PCS) to be more user-friendly and provide states and EPA with better program data.
- Continue to conduct NPDES Permit Writers' courses for regions and states to promote awareness of regulatory requirements.
- Develop state profiles that identify the strengths and innovations of each State program that can be shared with other States, as well as needed program enhancements that will improve the quality and/or integrity of the State's NPDES program.
- Conduct additional data quality assurance reviews to eliminate incorrect and outdated records from PCS and increase the percentage of permit records with locational data, thus allowing EPA to better characterize the environmental impact of backlog.

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#### Management of Biosolids

**Challenge:** *Although EPA is directing renewed attention to biosolids, the Agency needs to strengthen the science, and establish strong enforcement to meet the CWA requirements to reduce risks and ensure biosolids are managed in compliance with all applicable laws and requirements.*

**Agency Response:** OIG is concerned that “biosolids” will pose a potential risk until the Agency can adequately implement a national biosolids program and obtain the scientific information it needs to make informed decisions about biosolids. EPA continues to meet its statutory obligations under the CWA pertaining to biosolids (40 CFR Part 503) as well as maintain an active presence in biosolids compliance and enforcement activities. To prevent risk to human health and the environment, the Agency is addressing concerns about the adequacy of the sewage sludge rule, expanding biosolids-related research, and actively addressing biosolids violations and proper land-application.

EPA’s enforcement and compliance activities are tracked in the Integrated Compliance Information System (ICIS) database and include enforcement actions also entered into the CWA Permit Compliance System (PCS). The ICIS database reports for FY 1995-2003, include over 500 federal enforcement actions taken to address violations of Part 503, sewage sludge standards. In December 2003, EPA published a *Federal Register* notice presenting 14 activities the Agency expects to begin or complete within the next 2-3 years to strengthen the sewage sludge use and disposal program (see highlights below for examples)

To assist states and regions in their oversight of the biosolids program, the Agency has, either in place or in development, tools to assist and promote compliance with biosolids regulatory requirements (e.g., on-line training which includes a segment on conducting sewage sludge inspection). In the compliance monitoring and compliance assistance areas, a number of activities are completed or are ongoing to respond to concerns raised by the OIG. The ICIS/PCS database includes 494 regional and state biosolids inspections for FY 2000 to FY 2003, which demonstrates a significant inspection presence. A number of states are not covered by the ICIS/PCS information for biosolids inspections, so the actual number of biosolids inspections is likely even greater. Part of the PCS Modernization effort is to include data entry from more states in the system.

#### **Recent Accomplishments:**

- Produced Clean Water Act / NPDES Computer-Based Inspector Training which includes a segment on conducting Sewage Sludge (Biosolids) inspections.
- As part of the PCS modernization, a separate workgroup (including both states and EPA) was devoted to defining the data needs of the biosolids program. The roll out of the modernized PCS, which includes standardized data elements for use by the states, will be staged over several years, with the initial availability for direct user states and follow-on availability for indirect user states who will batch load information to the system.
- Publication in the Federal Register, at 68 FR 75531, of the 14 - point action plan which includes: biennial review of the Part 503 Standards for the potential addition of new

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pollutants; field studies on the land application of sewage sludge; and development of improved analytical methods for the quantification of microbial pollutants in sewage sludge. The other parts of the action plan can be found in the Federal Register.

#### **Plans for Further Improvements:**

- EPA plans to monitor scientific findings in this area and will re-evaluate its compliance and enforcement approach as needed.

#### **Superfund Evaluation and Policy Identification**

**Challenge:** *OIG believes EPA faces significant challenges in its ability to meet effectively current and future Superfund needs and must establish a strong working relationship between states and tribes in order to achieve its environmental goals.*

**Agency Response:** In an April 21, 2004 memorandum on *EPA's Key Management Challenges*, OIG stated that EPA faces significant challenges in managing the Superfund program now and in the future. EPA acknowledges its fiscal and program management challenges, some of which are beyond the Agency's control, and is working to address them. The Superfund program is inherently complicated and complex, dealing with cleanup requirements that have been changing almost since inception 24 years ago. However, despite the program's complexity and its unique administrative structure, it has made and continues to make significant progress in cleaning up Superfund sites and reducing risks to human health and the environment.

Subject to the same budget constraints as are other federal programs, Superfund program for the past 2 years has been unable to fully fund all of the sites in the queue for construction. Although the President requested a \$150 million budget increase in FY 2004 and 2005 to begin new construction projects at sites throughout the country the increase was not funded by Congress in either year. Also, over the past 10 years EPA Superfund appropriation has remained level, (roughly between \$1.1 and \$1.4 billion per year) while costs have increased. To promote program cost-effectiveness, the Agency has initiated several efforts, including prioritizing sites for listing on the National Priorities List (NPL), reviewing remedy options for sites over \$30 million, and establishing a nationwide priority setting process for remedial action. The Superfund Pipeline Management Review ensures that Superfund resources are distributed throughout the Superfund "pipeline" to optimize results: a panel reviews risks and other factors and alternatives and sets site priorities for NPL listing and construction funding.

While the OIG suggested that EPA needs to determine potential future financial and environmental liability from possible new sites, the Agency does not maintain an inventory of sites that have not yet entered the Superfund program. Likewise, it keeps no inventory of companies with financial problems that might also have environmental liabilities. Extensive research is required to identify potentially responsible parties or other sources to finance site cleanups. Through EPA's Environmental Financial Advisory Board, the Agency has undertaken a major effort to better understand financial assurance mechanisms and how they might be applied in waste management programs.

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OIG recognizes that the fundamental pieces of the tribal program already exist, and that EPA has made significant efforts to enhance the role of tribes in the Superfund program. OIG states that the Agency's three major initiatives since 1998 have produced some positive results and lessons that have been incorporated into the Agency's current strategy for managing the role of tribes. The Agency will continue to coordinate with tribes and EPA regions to complete the remaining key actions of the strategy.

#### **Recent Accomplishments:**

- Initiated and completed an internal review of the Superfund Program (120 Day Study) to identify opportunities for program efficiencies that would enable the Agency to begin and ultimately complete remedial actions with current resources.
- Completed data collection and analysis on hazardous sites impacting Indian country.
- Established the EPA tribal forum to work collaboratively on issues involving tribes.
- Worked through the FY 2005 planning process to identify regional resource needs related to cleanup of contaminated sites.
- Worked to increase oversight of the Tribal Association on Solid Waste and Emergency Response (TASWER) cooperative agreement, in accordance with commitments to OIG.

#### **Plans for Further Improvements:**

- Continue work with the regions to allocate resources and maximize results.
- Finalize an OSWER Tribal Strategy that will require completing the Superfund Tribal Strategy and implementation plan.
- Review, implement, and track progress of recommendations from the 120-Day Study on Superfund to identify opportunities for program efficiency.

#### **Information System Security**

**Challenge:** *Due to the dynamic nature of information security, EPA needs to continue its emphasis and vigilance on strong information security.*

**Agency Response:** OIG believes EPA needs to take additional actions (e.g., systematic monitoring and evaluation programs, implementation of training programs) to protect its information and systems. While the Agency agrees that it needs to continue its emphasis and vigilance on strong information security, EPA believes it has addressed the specific management control issues related to information systems security. In FY 2001, EPA acknowledged this topic as an Agency weakness under FMFIA. The Agency completed the corrective actions and validated the effectiveness of its comprehensive strategy to systematically address security related deficiencies in FY 2002.

EPA continues to improve the management and oversight of the Agency information security program and has successfully demonstrated a high level of security for its information resources and environmental data. In FY 2004, EPA established management controls to ensure that it collects data of sufficient quality to verify Agency-wide implementation of the program; information security staff is adequately trained; and security practices are in place throughout the entire life cycle of information systems. Additionally, for the first time, EPA earned a "green"



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status score under PMA for *E-Government* for its information security management controls and processes that are in place at the Agency.

#### **Recent Accomplishments:**

- Established and implemented a testing and evaluation process to develop information sufficient to verify the effectiveness of Agency-wide Information Security Program implementation.
- Developed and ensured implementation of a training program to provide information security training to EPA employees with significant information security responsibilities.
- Established policy and management framework to support development and testing of up-to-date contingency plans for Agency information systems.

#### **Plans for Further Improvements:**

- Continue to verify Agency-wide implementation.
- Ensure incorporation of information security into Agency information system life cycle.
- Review Agency systems for conformance to security requirements of revised System Life Cycle Policy through the Capital Planning and Investment Control (CPIC) process.
- Continue to require systems without up-to-date tested contingency plans to submit milestones to be tracked in the Agency's central POA&M project management system.

#### **Information Resources Management (IRM) and Data Quality**

**Challenge:** *EPA faces a number of challenges (e.g., implementing data standards to facilitate data sharing; establishing quality assurance practices to improve the reliability, accuracy, and scientific basis of environmental data) with the data it uses to make decisions and monitor progress against environmental goals.*

**Agency Response:** EPA has made significant progress in addressing its data management challenges. The Agency acknowledged *Laboratory Quality Systems Practices* and *Data Management Practices* as Agency weaknesses under FMFIA in FY 2001 and has made great progress in addressing these issues over the past several years. EPA has addressed all corrective actions related to *Laboratory Quality Systems Practices* and is currently validating the approach and newly established controls put in place to address the *Data Management Practices* issue.

EPA continues to improve data management and use by planning and providing tools for sharing data effectively, integrating data, and identifying key data gaps. EPA has also implemented improvements to assure that environmental data used to support EPA's decisions are of documented quality. In FY 2004, EPA developed guidance on the use of administrative control designations to help staff recognize the type of information that must be protected from unauthorized disclosures. To further improve environmental information management, the Agency will focus on developing and implementing appropriate data management policies and procedures and creating a plan for addressing data gaps.

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### Recent Accomplishments:

- Completed version 1.0 of the Agency Enterprise Architecture (EA), of which the data architecture is a component.
- Developed a policy and is implementing procedures to support the development of a metadata management program within the Agency that requires the Agency's data to be sufficiently documented.
- Established the technical and business guidelines for the use of standard data elements.<sup>2</sup>
- Launched the Environmental Indicators Initiative, which carries out the first objective under Goal 1 of the EPA Strategic Information Plan (i.e., the need to identify key data gaps and for the Agency to fill the gaps).
- Completed the EPA Strategic Information Plan: A Framework for the Future.

### Plans for Further Improvements:

- Develop a process for identifying key data gaps.
- Facilitate further discussion within the Agency and with Federal partners on the data gaps identified in the *Draft Report on the Environment 2003*.<sup>3</sup>
- Work with states and tribes to further expand the National Environmental Information Exchange Network to streamline reporting and improve data sharing.
- Develop an executive-summary-level report to validate the completion of each corrective action.

### Human Capital Strategy Implementation/Employee Competencies

**Challenge:** *While EPA is making progress on human capital efforts, it must continue developing and implementing its Human Capital Strategy and focus on accountability and better communication of planned strategies.*

**Agency Response:** OMB and OIG acknowledge the Agency has made progress in the area of human capital. In FY 2004, EPA achieved “green” progress and “yellow” status scores for successfully implementing the human capital component of the PMA. However, EPA continues to face significant challenges in maintaining a workforce with the highly specialized skills and knowledge required to accomplish its work. For example, retirement projections for FY 2004 through FY 2007 indicate that 27 percent of the EPA workforce will be eligible to retire within the next 5 years, including 26 percent of the scientific-technical workforce and 54 percent of the Senior Executive Service. EPA is working to develop a systematic approach to workforce planning, based on reliable and valid workforce data that ensures the Agency can continue to fulfill its legal, regulatory, and fiduciary responsibilities.

To ensure that the Agency’s Human Capital activities support the agency mission and are in compliance with the merit system principles, the Agency completed a Human Capital Strategy (HCS) and created a National Human Capital Strategy Office. The HCS is designed around four

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<sup>2</sup> U.S. EPA, Business rules for the use of standard data elements in the EDR. Available at [http://oaspub.epa.gov/edr/epastd\\$.startup](http://oaspub.epa.gov/edr/epastd$.startup).

<sup>3</sup> U.S. EPA, *EPA Draft Report on the Environment 2003* (EPA-260-R-02-006). Available at <http://www.epa.gov/indicators/roe/index.htm>

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key areas: Strategic Alignment, Program Effectiveness, Operational Efficiency, and Measures of Legal Compliance. Additionally, in FY 2004 the Agency began documenting the relationship between every employee's work and the Agency's strategic goals to fulfill Agency commitment to the Office of Personnel Management (OPM) and OMB.

EPA has taken the crucial steps in the areas of workforce planning and staff development, with particular emphasis on management development. EPA continues to invest in the development of its workforce with the implementation of the Workforce Development Strategy (WDS), a comprehensive set of developmental programs. The WDS is designed to link needed competencies to mission needs, along core business lines, and aligns with the core competencies identified by OPM for senior executives. EPA offers a developmental program that addresses the needs of all employees from administrative personnel to executive staff.

#### **Recent Accomplishments:**

- Upgraded PeopleSoft to the web-enabled version and implemented the automated time-keeping and payroll processes.
- Completed the advertisement and screening of EPA's seventh Intern Program class. Via this highly successful program, EPA is poised to hire up to 25 new candidates this year to infuse new talent into the Agency. Over the past 6 years, EPA has hired 191 highly qualified and diverse interns.
- Conducted a human resources (HR) assessment for Headquarters HR professionals to identify current skill/competency requirements and determine existing proficiency levels. This was a first step towards implementing the HR Certification Program and training that will focus on current skill gaps and development needed to support the changing role of HR professionals.
- Reorganized the human resources program and created the "National Human Capital Strategy Office." The new office is responsible for implementation of the Agency's Human Capital Strategy.
- Provided on-going learning opportunities and just-in-time training to all EPA employees. Go-Learn on-line courses allow employees to focus on the specific developmental skills in an environment and at a pace best suited for their learning needs.
- Facilitated a two-day leadership workshop for EPA employees interested in pursuing a formal leadership role in the Agency. The course includes an advanced 360 assessment tool, information on various leadership roles available in the Agency, and tools and tips on enhancing critical leadership skills.
- Implemented five Mid-level Development workshops that focus on the core competency groups necessary for success in a work environment. The workshops are designed to help employees be more creative in their approach to working with others, projects, process, and change, while enhancing their professional results.
- Continued to offer a four (4) day supervisory training program to new and existing supervisors and managers. This course focuses on the critical non-technical skill development necessary for successfully partnering with their employees. Employees take part in hands on exercises relating to diversity, self-awareness, conflict management, coaching, human resources, and other areas.

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- Completed a strategic workforce analysis of workforce requirements at the macro, Agency, level.
- Launched an Agency-wide succession management strategy.

#### **Plans for Further Improvements:**

- Focus efforts on generating an Agency-level view of our workforce needs complemented with “local” strategic workforce planning data.
- Continue to invest in the development of an internal coaching cadre which offers one-on-one coaching for our SES Candidates and for managers after completion of a 360 Assessment.
- Implement an Agency-wide mentoring program to provide the support and nurturing required ensuring that our workforce can fully develop to their maximum potential.

#### **Agency Efforts in Support of Homeland Security (formerly, Protecting Critical Infrastructure from Non-traditional Attacks)**

**Challenge:** *EPA needs to develop better processes for ensuring security at Nationally Significant Events, assess vulnerability of water utilities and determine how to measure water security improvements, and better define the Agency’s role in protecting air from terrorist threats.*

**Agency Response:** OIG commends EPA for its efforts to enhance homeland security and its quick response to incidents, but believes the Agency needs to effectively coordinate at all levels of government and industry. EPA is working to increase its policy leadership and development of key Homeland Security Programs in response to Homeland Security Presidential Directives taskings, by building upon existing water security plans, effective decontamination efforts, and timely and accurate lab capacity support. These important efforts promote the Agency’s role in protecting the nation from terrorist threats.

Since its inception in February 2003, EPA’s Office of Homeland Security has coordinated and led homeland security activities and policy development across program areas and government-wide (e.g., serves as the point of contact for the Department of Homeland Security (DHS) and the White House Homeland Security Council (HSC) and represents the Agency on Homeland Security issues). EPA led a collaborative effort (with the White House HSC, DHS and OMB) to revise the EPA Homeland Security Strategic Plan. The revised Plan identifies the range of homeland security activities the Agency conducts, taking into account the evolving role of the DHS. The Agency also spent considerable time and effort mapping out responsibilities and strategies to address recently issued Presidential Directives.<sup>4</sup>

To help improve processes for cross-agency Homeland Security coordination, EPA established and convened the Homeland Security Policy Coordination Committee (PCC). The PCC serves as an executive committee that can be activated in the event of a homeland security-related attack and acts to ensure that the Agency’s senior political leadership is brought together to provide policy direction to responders.

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<sup>4</sup> The White House Office of the Press Secretary, Homeland Security Presidential Directives, (December 17, 2003), available at <http://www.whitehouse.gov/news/releases/2003/12/20031217-5.html>

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#### Recent Accomplishments:

- Established the Homeland Security Collaborative Network to coordinate and directly address high priority, cross-Agency technical and policy issues related to homeland security programs.
- Implemented key homeland security efforts including budget planning and implementation at EPA.
- Supported federal law enforcement Agencies at Nationally Significant Events (e.g., U.S. Secret Service and FBI during the G-8 Nations Summit).
- Participated in over 150 training exercises to improve homeland security readiness, including a field exercise at Ft. Leavenworth, KS that tested the Agency's ability to respond to multi-state radiological contamination resulting from a downed satellite.
- Provided tools, training, and technical assistance to drinking water and wastewater utilities, specifically the 9,000 drinking water systems that have assessed the vulnerabilities and are preparing or revising their emergency response plans in accordance with the Bioterrorism Act.

#### Plans for Further Improvements:

- Prepare the Agency to fulfill its responsibilities under new Homeland Security Presidential Directives.
- Establish function-specific liaison responsibilities to enhance the effectiveness of communication across EPA.
- Develop a homeland security information management system.

#### Linking Mission and Management

**Challenge:** *OIG believes that while EPA has begun linking costs to goals, it must continue to work with its partners to develop appropriate outcome measures and accounting systems that track environmental and human health results across the Agency's new goal structure. This information must then become an integral part of the Agency's decision-making process.*

**Agency Response:** OIG noted that EPA's reliance on output measures makes it difficult to provide regions and states the flexibility they need to direct resources to their highest priority activities and to assess the impact of Agency's work on human health and the environment. EPA believes that its program goals, performance objectives, and measures of effectiveness are connected, and the Agency continues to make progress in linking assessments of program performance with resource decisions; developing outcome-oriented goals and measures; and providing managers with timely, reliable, and consistent cost information.

EPA has been recognized across government for its efforts to improve the way the Agency manages for results and uses cost performance information in decision making. In 2003, the Agency received the President's Quality Award for significant accomplishments in financial performance. Since June 2003, the Agency has maintained a "green" status score for Improved Financial Performance. In addition, since June 2002 EPA has earned a "green" progress score

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for Budget and Performance Integration under the President's Management Agenda for all but one quarter.<sup>5</sup>

#### Recent Accomplishments:

- Developed Regional Plans that link EPA's regional environmental priorities to the Agency's five strategic goals.<sup>6</sup>
- Increased the percentage of annual goals classified as outcomes from 44 percent of the total in FY 2004 to 62 percent for FY 2005.
- Increased the percentage of performance measures classified as outcomes from 51 percent in FY 2004 to 64 percent for FY 2005.
- Completed PART assessments for 32 programs covering over 60 percent of the Agency's budget. OMB approved efficiency measures for 22 of the 32 programs assessed with the PART.
- Launched a business reporting tool, ORBIT, which allows easy access to financial and budget information. ORBIT currently has over 360 users Agency-wide.
- Implemented a newly developed Annual Commitment System to foster discussion and agreement between regional and national program offices on FY 2005 regional performance commitments.

#### Plans for Further Improvements:

- Enhance ORBIT's functionality by expanding the programmatic and performance reporting capability and adding additional data sources.
- Begin the process of revising the Agency's Strategic Plan

#### Grants Management and Use of Assistance Agreements

**Challenge:** *EPA needs to improve oversight for awarding and administering assistance agreements to ensure effective and efficient use of resources. Recent OIG and GAO audits continue to identify problems in the use of assistance agreements.*

**Agency Response:** Assistance agreements are one of EPA's primary mechanisms for carrying out its mission to protect human health and the environment. The Agency awards approximately half of its budget to organization through assistance agreements. Thus it is imperative that the Agency use good management practices in awarding and overseeing these agreements to ensure they contribute cost effectively to attaining environmental goals.

EPA acknowledges OIG and GAO concerns regarding the management of assistance agreements, and tracks this issue as an Agency weakness in the FMFIA process. The Agency has made significant progress in developing and implementing a comprehensive system of management controls to correct grants management problems. EPA issued its first long-term Grants Management Plan,<sup>7</sup> with associated performance measures, in April 2003. The plan,

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<sup>5</sup> EPA selected as finalist for the 2002 Presidential Quality Award in Area of Budget and Performance Integration, news release. Available at <http://www.whitehouse.gov/news/releases/2002/11/20021125-2.html>.

<sup>6</sup> U.S. EPA, Regional Plans. Available at <http://www.epa.gov/ocfopage/regionplans/regionplans2.htm>

<sup>7</sup> U.S. EPA, EPA Grants Management Plan. Available at <http://www.epa.gov/ogd/EO/finalreport.pdf>

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which GAO recognizes as a comprehensive and coordinated plan to strengthening grants management, outlines an aggressive approach to ensure that the commitments are fully implemented and that employees are held accountable for managing grants effectively. Also, EPA established a Grants Management Council, composed of EPA's Senior Resource Officials to provide the leadership, coordination, and accountability need to implement the plan.

#### **Recent Accomplishments:**

- Revised the Grants Competition Policy to lower the competition threshold and increase the number of grant competitions
- Issued EPA Order 5700.6, a comprehensive post-award monitoring policy that requires base line monitoring on all active awards and establishes an advance monitoring performance requirement of 10 percent of all EPA's active grantees and mandatory reporting of the reviews in a Grantee Compliance Database.
- Instituted a new approach to internal reviews that provides EPA with an early warning system to detect emerging grant weaknesses.
- Conducted classroom training sessions for non-profit and Tribal recipients to educate them about their grants management responsibilities.
- Issued guidance requesting that EPA's Senior Resource Officials review and revise all non-SES performance standards and position descriptions to ensure that they accurately reflect grants management responsibilities.
- Issued the Grants Management Training Plan which requires expanded training for project officers, grant specialists, and potential grant recipients in areas identified in OIG and GAO audits reports and EPA's own internal reviews.
- Issued a Roles and Responsibilities policy for grants management which clarifies the duties of program offices and grants management offices.
- Developed an EPA Order on environmental results under assistance agreements designed to make grants more outcome-oriented and linked to EPA's Strategic Plan. The Order is effective January 2005.
- Deployed the Integrated Grants Management System (IGMS) to the Regions and automated the grants process.

#### **Plans for Further Improvements:**

- Issue a new EPA Order on pre-award reviews to help ensure that non-profit applicants have the administrative and programmatic capabilities to manage EPA grant funds. (March 2005).
- Deploy IGMS in EPA Headquarters to leverage technology and improve program performance.
- Expand the Grantee Compliance Database to include more information on OIG and GAO reports, Agency advanced monitoring reviews, and significant compliance actions taken by the Agency to improve the ability to identify systematic issues early and take appropriate corrective action.
- Conduct grants management training for managers and supervisors.