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GRANTS MANAGEMENT

EPA Needs to Strengthen Oversight and Enhance Accountability to Address Persistent Challenges

Statement of John B. Stephenson, Director, Natural Resources and Environment

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Why GAO Did This Study

The Environmental Protection Agency (EPA) has faced persistent challenges in managing its grants, which, at about $4 billion annually constitute over one-half of the agency's total budget. EPA awards grants to thousands of recipients to implement its programs to protect human health and the environment. Given the size and diversity of EPA's programs, its ability to efficiently and effectively accomplish its mission largely depends on how well it manages its grant resources and builds accountability into its efforts.

In our comprehensive report on EPA's management of its grants, released last week, we found that EPA continues to face four key grants management challenges despite past efforts to address them—(1) selecting the most qualified grant applicants, (2) effectively overseeing grantees, (3) measuring the results of grants, and (4) effectively managing its grant staff and resources. The report also discusses EPA's latest competition and oversight policies and its new 5-year plan to improve the management of its grants.

This testimony, based on our report, focuses on the extent to which EPA's latest policies and plan address (1) awarding grants competitively, (2) improving oversight of grantees, and (3) holding staff and managers accountable for fulfilling their grants management responsibilities.

What GAO Found

Late in 2002, EPA launched new efforts to address some of its long-standing grants management problems. It issued two policies—one to promote competition in awarding grants and one to improve its oversight of grants. Furthermore, in April 2003, EPA issued a 5-year grants management plan to address its long-standing grants management problems. These policies and plan focus on the major grants management challenges we identified but will require strengthening, enhanced accountability, and sustained commitment to succeed.

EPA's September 2002 competition policy should improve EPA's ability to select the most qualified applicants by requiring competition for more grants. However, effective implementation of the policy will require a major cultural shift for EPA managers and staff because the competitive process will require significant planning and take more time than awarding grants noncompetitively.

EPA's December 2002 oversight policy makes important improvements in monitoring grantees, but it does not build in a process for effectively and efficiently analyzing the results of its monitoring efforts to address systemic grantee problems. Specifically, EPA does not (1) use a statistical approach to selecting grantees for review, (2) collect standard information from the reviews, and (3) analyze the results to identify and resolve systemic problems with grantees. As a result, EPA may not be using its oversight resources as efficiently as it could. With improved analysis, EPA could better identify problem areas and assess the effectiveness of its corrective actions to more efficiently target its oversight efforts.

EPA's 5-year grants management plan recognizes the importance of accountability, but it does not completely address how the agency will hold all managers and staff accountable for successfully fulfilling their grants management responsibilities. For example, the plan calls for developing performance standards for staff overseeing grantee performance, but it does not call for including grants management performance standards in their managers' and supervisors' performance agreements. Unless all managers and staff are held accountable for grants management, EPA cannot ensure the sustained commitment required for the plan's success.

Our report, *Grants Management: EPA Needs to Strengthen Efforts to Address Persistent Challenges*, GAO-03-846, details EPA's historically uneven performance in addressing its grants management challenges. Over the years, EPA's past actions to improve grants management have had mixed results because of the complexity of the problems, weaknesses in policy design and implementation, and insufficient management attention to overseeing grants. While EPA's latest policies and new 5-year grants management plan show promise, it is too early to tell if these will succeed more than past actions. If EPA is to better achieve its environmental mission, it must more effectively manage its grants. Our report contains specific recommendations to address critical weaknesses in EPA's new oversight policy and plan. EPA stated that it agreed with GAO's recommendations and it will implement them as part of its 5-year grants management plan.

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here to discuss the Environmental Protection Agency's (EPA) management of its grants. My testimony is based on our report released in September 2003, which was requested by the Chairman of the House Committee on Transportation and Infrastructure and Representative Anne Northup.[1]

To support its mission of protecting human health and the environment, in fiscal year 2002, EPA awarded grants to a variety of recipients, including state and local governments, tribes, universities, and nonprofit organizations. Given the size and diversity of EPA's programs, its ability to efficiently and effectively accomplish its mission largely depends on how well it manages its grant resources and builds accountability into its efforts. As of September 30, 2002, EPA had 4,100 grant recipients.

As you know, over the years, EPA has faced persistent challenges in managing its grants, which at about $4 billion annually, constitute over one-half of its total budget. In our June 2003 testimony before this Subcommittee and in our report, we identified four key management challenges EPA continues to face, despite past efforts to address them.[2] These challenges are (1) selecting the most qualified grant applicants, (2) effectively overseeing grantees, (3) measuring the results of grants, and (4) effectively managing grant staff and resources. We also reported that EPA's past efforts to improve its management had mixed results because of the complexity of the problems, weaknesses in design and implementation, and insufficient management attention. EPA must resolve these problems in order to improve its management of grants.

Late in 2002, EPA launched new efforts to address some of its long-standing grants management problems. Specifically, it issued two new policies—one in September 2002 to promote competition in awarding grants and one in December 2002 to improve its oversight of grants. Furthermore, in April 2003, EPA issued a 5-year grants management plan

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[1]U.S. General Accounting Office, *Grants Management: EPA Needs to Strengthen Efforts to Address Persistent Challenges*, GAO-03-846 (Washington, D.C.: Aug. 29, 2003). This report is available at no charge on the GAO Web site at htpp://www.gao.gov.

[2]U.S. General Accounting Office, *Environmental Protection Agency: Problems Persist in Effectively Managing Grants*, GAO-03-628T (Washington, D.C: June 11, 2003). This report is available at no charge on the GAO Web site at htpp://www.gao.gov.

to address its long-standing grants management problems. We found that these policies and plan focus on the major grants management challenges we identified but will require strengthening, enhanced accountability, and sustained commitment to succeed.

For our testimony today, you asked us to comment on the extent to which EPA's new policies and plan address the challenges concerning (1) awarding grants competitively, (2) improving oversight of grantees, and (3) holding staff and managers accountable for fulfilling their grants management responsibilities. For our report, we, among other things, obtained and analyzed EPA's 1,232 in-depth reviews of grantee performance conducted in calendar year 2002 to identify the challenges EPA faces in managing its grants. We also examined EPA's new policies and plan and interviewed EPA officials responsible for key aspects of the plan.

In summary, we found the following:

- EPA's September 2002 competition policy should improve EPA's ability to select the most qualified applicants by requiring competition for more grants. However, effective implementation of the policy will require a major cultural shift for EPA managers and staff because the competitive process will require significant planning and take more time than awarding grants noncompetitively.

- EPA's December 2002 oversight policy makes important improvements in monitoring grantees, but it does not build in a process for effectively and efficiently analyzing the results of its monitoring efforts to address systemic grantee problems. Specifically, EPA does not (1) use a statistical approach to selecting grantees for review, (2) collect standard information from the reviews, and (3) analyze the results to identify and resolve systemic problems with grantees. As a result, EPA may not be using its oversight resources as efficiently as it could. With improved analysis, EPA could better identify problem areas and assess the effectiveness of its corrective actions to more efficiently target its oversight efforts.

- EPA's April 2003 grants management plan recognizes the importance of accountability but it does not completely address how the agency will hold all managers and staff accountable for successfully fulfilling all their grants management responsibilities. For example, the plan does not call for including grants management performance standards in managers' and supervisors' performance agreements. Unless all managers and staff are held accountable for grants management, EPA

cannot ensure the sustained commitment required for the plan's success.

We made recommendations in our report to the EPA Administrator to strengthen grants management by more systematically overseeing grantees and by holding all managers and staff in headquarters and the regions accountable for fulfilling their grants management responsibilities. We also recommended that EPA report on the progress of its efforts in its annual report to Congress. EPA agreed with our recommendations and stated it will implement them as part of its 5-year grants management plan.

Background

EPA administers and oversees grants primarily through the Office of Grants and Debarment, 10 program offices in headquarters,[3] and program offices and grants management offices in EPA's 10 regional offices. Figure 1 shows EPA's key offices involved in grants activities for headquarters and the regions.

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[3]According to EPA officials, two headquarters' offices, EPA's Office of General Counsel, and the Office of the Chief Financial Officer, conduct limited grant activity.

Figure 1: EPA's Key Offices Involved in Grant Activities
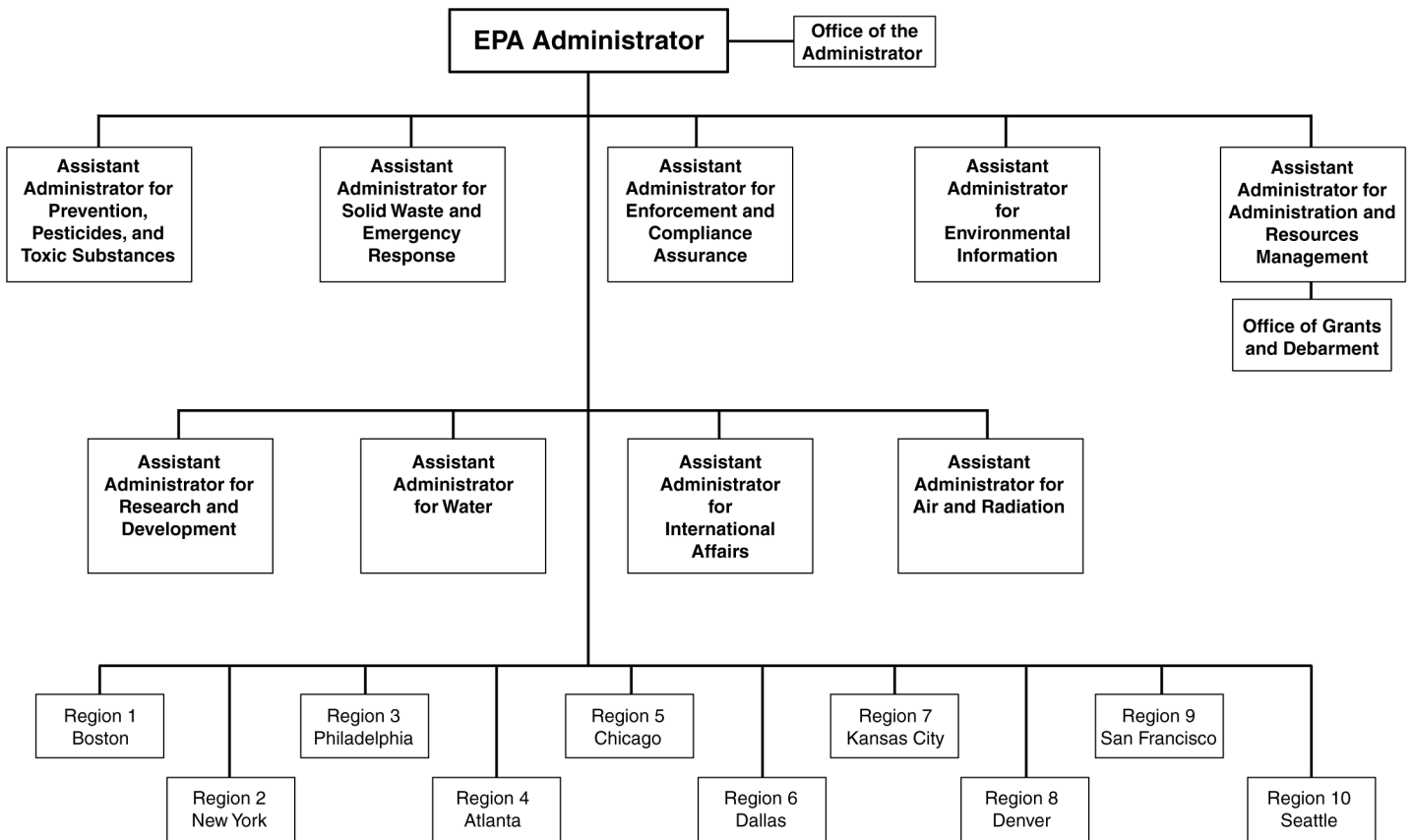
Source: GAO analysis of EPA information.

The management of EPA's grants program is a cooperative effort involving the Office of Administration and Resources Management's Office of Grants and Debarment, program offices in headquarters, and grants management and program offices in the regions. The Office of Grants and Debarment develops grant policy and guidance. It also carries out certain types of administrative and financial functions for the grants approved by the headquarters program offices, such as awarding grants and overseeing the financial management of these grants. On the programmatic side, headquarters program offices establish and implement national policies for their grant programs, and set funding priorities. They are also responsible for the technical and programmatic oversight of their grants. In the regions, grants management offices carry out certain administrative and financial functions for the grants, such as awarding grants approved

by the regional program offices,[4] while the regional program staff provide technical and programmatic oversight of their grantees.

As of June 2003, 109 grant specialists in the Office of Grants and Debarment and the regional grants management offices were largely responsible for administrative and financial grant functions. Furthermore, 1,835 project officers were actively managing grants in headquarters and regional program offices. These project officers are responsible for the technical and programmatic management of grants. Unlike grant specialists, however, project officers generally have other primary responsibilities, such as using the scientific and technical expertise for which they were hired.
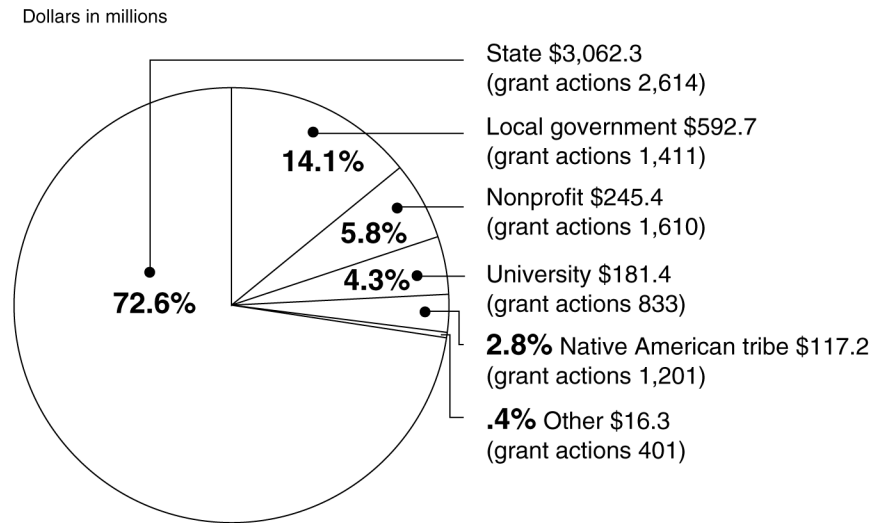
In fiscal year 2002, EPA took 8,070 grant actions[5] totaling about $4.2 billion.[6] These awards were made to six main categories of recipients as shown in figure 2.

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[4]Program offices in Regions 4, 5, 6, 9, and 10 award grants directly.

[5]Grant actions include new awards and increase and decrease amendments. The 8,070 grant actions involving funding were composed of 4,374 new grants, 2,772 increase amendments, and 924 decrease amendments. In addition, EPA awarded 1,620 no cost extensions, which did not involve funding, in fiscal 2002.

[6]GAO did not verify EPA's budget data.

Figure 2: Percentage of EPA Grant Dollars Awarded by Recipient Type, Fiscal Year 2002

Dollars in millions

State $3,062.3
(grant actions 2,614)

Local government $592.7
(grant actions 1,411)

Nonprofit $245.4
(grant actions 1,610)

University $181.4
(grant actions 833)

2.8% Native American tribe $117.2
(grant actions 1,201)

.4% Other $16.3
(grant actions 401)

14.1%

5.8%

4.3%

72.6%

Source: GAO analysis of EPA data.

EPA offers two types of grants—nondiscretionary and discretionary:

- Nondiscretionary grants support water infrastructure projects, such as the drinking water and clean water state revolving fund programs, and continuing environmental programs, such as the Clean Air Program for monitoring and enforcing Clean Air Act regulations. For these grants, Congress directs awards to one or more classes of prospective recipients who meet specific eligibility criteria; the grants are often awarded on the basis of formulas prescribed by law or agency regulation. In fiscal year 2002, EPA awarded about $3.5 billion in nondiscretionary grants. EPA has awarded these grants primarily to states or other governmental entities.

- Discretionary grants fund a variety of activities, such as environmental research and training. EPA has the discretion to independently determine the recipients and funding levels for grants. In fiscal year 2002, EPA awarded about $719 million in discretionary grants. EPA has awarded these grants primarily to nonprofit organizations, universities, and government entities.

The grant process has the following four phases:

- Preaward. EPA reviews the application paperwork and makes an award decision.

- Award. EPA prepares the grant documents and instructs the grantee on technical requirements, and the grantee signs an agreement to comply with all requirements.

- Postaward. After awarding the grant, EPA provides technical assistance, oversees the work, and provides payments to the grantee; the grantee completes the work, and the project ends.

- Closeout of the award. EPA ensures that all technical work and administrative requirements have been completed; EPA prepares closeout documents and notifies the grantee that the grant is completed.

As part of its oversight of grantee performance, EPA conducts in-depth reviews to analyze grantees' compliance with grant regulations and specific grant requirements.[7] EPA conducts two types of in-depth reviews. Administrative reviews, conducted by the grants management offices, are designed to evaluate grantees' financial and administrative capacity. In contrast, programmatic reviews, conducted by the program offices, are designed to assess the grantees' activities in five key areas: (1) assessing progress of work, (2) reviewing financial expenditures, (3) meeting the grant's terms and conditions, (4) meeting all programmatic, statutory, and regulatory requirements, and (5) verifying that equipment purchased under the award is managed and accounted for. Both administrative and programmatic reviews are conducted either at the grantee's location (on-site) or at EPA's office or another location (off-site). Furthermore, to determine how well offices and regions oversee grantees, EPA conducts internal management reviews of headquarters and regional offices.

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[7]EPA refers to these in-depth reviews as advance monitoring.

EPA's Competition Policy Shows Promise but Requires a Major Cultural Shift

EPA's September 2002 competition policy requires that most discretionary grants be competed. These grants totaled about $719 million of the $4.2 billion in grants awarded in fiscal year 2002. The policy applies to most discretionary grant programs or individual grants of more than $75,000.[8] The policy also promotes widespread solicitation for competed grants by establishing specific requirements for announcing funding opportunities in, for example, the Federal Register and on Web sites. EPA has also appointed a grant competition advocate to coordinate this effort.

EPA's competition policy faces implementation barriers because it represents a major cultural shift for EPA staff and managers, who historically awarded most grants noncompetitively and thereby have had limited experience with competition, according to the Office of Grants and Debarment. The policy requires EPA officials to take a more planned, rigorous approach to awarding grants. That is, EPA staff must determine the evaluation criteria and ranking of these criteria for a grant, develop the grant announcement, and generally publish it at least 60 days before the application deadline. Staff must also evaluate applications—potentially from a larger number of applicants than in the past—and notify applicants of their decisions. These activities will require significant planning and take more time than awarding grants noncompetitively. Office of Grants and Debarment officials anticipate a learning curve as staff implement the policy and will evaluate the policy's effectiveness in 2005, including the $75,000 threshold level. While the policy and subsequent implementing guidance have been in effect for a number of months, it is too early to tell if the policy has resulted in increased competition over the entire fiscal year. EPA officials believe that preliminary results indicate that the policy is increasing the use of competition.

EPA Needs A More Systematic Approach to Strengthen Oversight

EPA's December 2002 oversight policy makes important improvements in monitoring grantees, but it does not enable the agency to identify and address systemic problems with grant recipients. Specifically, EPA cannot develop systemic information because the policy does not (1) incorporate a statistical approach to selecting grantees for review; (2) require a standard reporting format for in-depth reviews to ensure consistency and clarity in reporting review results; and (3) identify needed data elements or develop a plan for analyzing data in its grantee compliance database to

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[8]The policy exempts individual grants only if they meet certain criteria, such as national security interests. Exemptions require detailed, written justification, and approval.

identify and act on systemic grantee problems. Therefore, EPA cannot use data from these reviews to determine the overall compliance of grantees or be assured that it is using its resources to effectively target its oversight efforts. With a more rigorous statistical approach to selecting grantees, standard reporting format, and a plan for using information from in-depth and other reviews, EPA could identify problem areas and develop trends to assess the effectiveness of corrective actions in order to better target its oversight efforts.

EPA Needs to Incorporate a Statistical Approach to Selecting Grantees for Review

EPA's new policy allows each office to determine what criteria it will use to select at least 10 percent of its grant recipients for in-depth review. However, because this policy does not employ a statistical method to selecting grantees for review, it limits the usefulness of these reviews as a tool to determine the overall compliance of grant recipients. Furthermore, EPA cannot determine whether 10 percent or any other percentage is the appropriate number of reviews. With a statistical approach, EPA could increase the efficiency and effectiveness of its oversight of grantees by (1) adjusting the number and allocation of its in-depth reviews to match the level of risk associated with each type of grant recipient and (2) projecting the results of its reviews to all EPA grantees.

EPA Needs to Require a Standard Reporting Format for In-depth Reviews

EPA's in-depth reviews can provide valuable information that the agency can use to identify problems and implement corrective actions. However, EPA does not have a standard reporting format to ensure consistency, clarity, and usefulness in reporting review results. Consequently, EPA is not able to effectively and efficiently analyze these data to determine systemic grantee problems.

Although EPA was requiring offices to conduct in-depth review of grantees in 2002, it did not systematically collect and analyze information from these reviews as part of its oversight efforts. We requested that EPA provide us with its in-depth reviews conducted in 2002 so we could do the analysis. Many of the documents EPA provided were, not in fact, in-depth reviews, but various types of other oversight documents. We sorted through these documents to identify the in-depth reviews using a data collection instrument. Through this approach, we identified 1,232 in-depth reviews. Using a data collection instrument, we collected and analyzed information from each of these in-depth reviews on, among other things, problems with grantees, and significant actions taken against grantees. The full results of our analysis are presented in our report.

According to our analysis of EPA's 1,232 in-depth reviews in 2002, EPA grant specialists and project officers identified 1,250 problems in 21 areas. Tables 1 and 2 show the most frequently identified problems for the 189 administrative and 1,017 programmatic reviews we examined. For example, 73 of 189 administrative reviews found problems with grantees' written procedures, while 308 of the 1,017 programmatic reviews identified technical issues.

Table 1: Most Frequently Identified Problems, by Problem Area for Administrative Reviews, 2002

Type of problem	Number of reviews with reported problem
Written procedures	73
Procurement	70
Personnel/payroll	51
Accounting	37

Source: GAO analysis of EPA's in-depth reviews.

Table 2: Most Frequently Identified Problems, by Problem Area for Programmatic Reviews, 2002

Type of problem	Number of reviews with reported problem
Technical issues	308
Progress reports	167
Personnel/payroll	92
Quality assurance	71

Source: GAO analysis of EPA's in-depth reviews.

The differences in types of problems frequently identified, as shown in tables 1 and 2, reflect differences in the focus of administrative and programmatic reviews. Table 3 describes the nature of these problems.

Table 3: Description of Most Frequently Identified Problems in EPA's In-depth Reviews

Problem	Types of problems included in EPA's in-depth reviews
Accounting	Any failure of a grantee's financial management system or shortcomings in the procedures it used to ensure the proper accounting of federal funds. For example, EPA found cases in which a grantee: • could not compare budgeted amounts to actual expenditures, • did not properly reconcile report balances to the general ledger, or • did not separately track funds for different grants.
Personnel/payroll	Problems varied depending on the type of review conducted. Administrative reviews included cases in which a grantee did not track the amount of time its employees spent on specific grant activities. Programmatic reviews included cases in which grantees did not have sufficient staff resources to perform the grant activities.
Procurement	Grantees lacked documentation to support sole-source contracts, and grantees did not report their efforts to encourage procurement from minority- and woman-owned businesses.
Progress reports	A grantee's progress report was missing, late, or did not include all the necessary information.
Quality assurance	A grantee needed to revise its quality assurance plan, which is required to ensure the quality of data collected during the grant work.
Technical issues	A grantee was behind in the progress of his or her work.
Written procedures	A grantee's written policies or procedures were either missing or inadequate.

Source: GAO analysis of EPA's in-depth reviews.

Despite the importance of standard information, our analysis of EPA's 2002 in-depth reviews shows that EPA officials across the agency report in various formats that do not always clearly present the results of the review. For example, some EPA officials provided a narrative report on the results of their reviews, while others completed a protocol that they used in conducting their review. In 349 instances, the project officer or grant management specialist did not clearly explain whether he or she had discovered a problem.

EPA Needs to Develop a Plan for Using Information in Its Grantee Compliance Database

EPA has recognized the importance of the information in its in-depth reviews by establishing a grantee compliance database to store the reviews, forming a database work group, and collecting a limited amount of data from its in-depth reviews. However, as of August 29, 2003, EPA had not yet developed data elements or a plan for using data from all its oversight efforts—in-depth reviews, corrective actions, and other compliance efforts—to fully identify systemic problems and then inform grants management officials about oversight areas that need to be addressed.

As our analysis of EPA's 2002 in-depth reviews showed, valuable information could be collected from them for assessing such issues as the (1) types of grantees having problems, (2) types of problem areas needing further attention, (3) types of reviews—on-site or off-site—that provide the best insights into certain problems areas, and (4) corrective actions required or recommended to resolve problems.

A Systematic Approach to Collection and Analysis of Compliance Information Would Enhance Oversight

With a statistical approach to selecting grantees for review, standard reporting format, and a plan for using information from in-depth and other reviews, EPA could identify problem areas and develop trends to assess the effectiveness of corrective actions to better target its oversight efforts. In particular, according to our analysis of EPA's 2002 in-depth reviews, administrative reviews identify more problems when conducted on site, while the number of problems identified by programmatic reviews does not differ by on-site or off-site reviews. However, nearly half of the programmatic reviews, which constituted more than 80 percent of the 2002 reviews, were conducted on-site. Since on-site reviews are resource intensive because of travel costs and staff used, a systematic analysis could enable EPA to better target its resources. Similarly, EPA could incorporate other information into its grantee compliance database, such as Inspector General reports, to identify problem areas, and target oversight resources. In addition, EPA could use the database to track the resolution of problems.

EPA Faces Challenges to Enhancing Accountability

Successful implementation of EPA's 5-year grants management plan requires all staff—senior management, project officers, and grant specialists—to be fully committed to, and accountable for, grants management. Recognizing the importance of commitment and accountability, the plan has as one of its objectives the establishment of clear lines of accountability for grants oversight. The plan, among other things, calls for (1) ensuring that performance standards established for grant specialists and project officers adequately address grants management responsibilities in 2004; (2) clarifying and defining the roles and responsibilities of senior resource officials, grant specialists, project officers, and others in 2003; and (3) analyzing project officers' and grant specialists' workload in 2004.

In implementing this plan, however, EPA faces challenges to enhancing accountability. First, although the plan calls for ensuring that project officers' performance standards adequately address their grants management responsibilities, agencywide implementation may be difficult.

Currently, project officers do not have uniform performance standards, according to officials in EPA's Office of Human Resources and Organizational Services. Instead, each supervisor sets standards for each project officer, and these standards may or may not include grants management responsibilities. It could take up to a year to establish and implement a uniform performance standard, according to these officials. Instead, the Assistant Administrator for the Office of Administration and Resources Management is planning to issue guidance this month including grants management responsibilities in individual performance agreements for the next performance cycle beginning in January 2004. Once individual project officers' performance standards are established for the approximately 1,800 project officers, strong support by managers at all levels, as well as regular communication on performance expectations and feedback, will be key to ensuring that staff with grants management duties successfully meet their responsibilities.

Although EPA's current performance management system can accommodate the development of performance standards tailored to each project officer's specific grants management responsibilities, the current system provides only two choices for measuring performance— satisfactory or unsatisfactory—which may make it difficult to make meaningful distinctions in performance. Such an approach may not provide enough information and dispersion in ratings to recognize and reward top performers, help everyone attain their maximum potential, and deal with poor performers. GAO has identified key practices that federal agencies can use to establish effective performance management systems, which include making distinctions in performance.[9]

Furthermore, it is difficult to implement performance standards that will hold project officers accountable for grants management because (1) grants management is often a small part of a wide range of project officers' responsibilities, (2) some project officers manage few grants, and (3) project officers' grants management responsibilities often fall into the category of "other duties as assigned." To address this issue, EPA officials are considering, among other options, whether the agency needs to develop a smaller cadre of well-trained project officers to oversee grantees, rather than rely on the approximately 1,800 project officers with

[9]See U.S. General Accounting Office, *Results-Oriented Cultures: Creating a Clear Linkage Between Individual Performance and Organizational Success*, GAO-03-488 (Washington, D.C.: Mar. 14, 2003).

different levels of grants management responsibilities and skills. Some EPA officials believe that having a cadre may help the agency more effectively implement revised grants management performance standards because fewer officers with greater expertise would oversee a larger percentage of the grants.

Second, EPA will have difficulty achieving the plan's goals unless, not only project officers, but all managers and staff are held accountable for grants management. The plan does not call for including grants management standards in all managers' and supervisors' agreements. Senior grants managers in the Office of Grants and Debarment as well as other Senior Executive Service managers have performance standards that address grants management responsibilities,[10] but middle-level managers and supervisors, who oversee many of the staff that have important grants management responsibilities, do not. According to Office of Grants and Debarment officials, they are working on developing performance standards for all managers and supervisors with grants responsibilities.

Third, it may be difficult to hold all managers and staff accountable because the Office of Grants and Debarment does not have direct control over many of the managers and staff who perform grants management duties—particularly the approximately 1,800 project officers in headquarters and regional program offices. The division of responsibilities between the Office of Grants and Debarment and program and regional offices will continue to present a challenge to holding staff accountable and improving grants management, and will require the sustained commitment of EPA's senior managers.

Conclusions

If EPA is to better achieve its environmental mission, it must more effectively manage its grants programs—which account for more than half of its annual budget. EPA's new policies and 5-year grants management plan show promise, but they are missing several critical elements necessary for the agency to address past grants management weaknesses. Specifically to improve EPA's oversight of grantees, our report recommends that EPA' (1) incorporate appropriate statistical methods to identify grantees for review; (2) require EPA staff to use a standard reporting format for in-depth review so that the results can be entered into

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[10]The senior managers include the Director of the Office of Grants and Debarment, the Director of the Grants Administration Division, and the Grants Competition Advocate.

the grantee compliance database and analyzed agency wide; and (3) develop a plan, including modifications to the grantee compliance database, to integrate and analyze compliance information from multiple sources. These actions would help EPA identify systemic problems with its grantees and better target its oversight resources.

To enhance accountability, our report further recommends establishing performance standards for all managers and staff responsible for grants management and holding them accountable for meeting these standards. Until EPA does so, it cannot be assured that is fulfilling its grants management responsibilities.

While EPA's 5-year grants management plan shows promise, we believe that, given EPA's historically uneven performance in addressing its grants management challenges, congressional oversight is important to ensure that EPA's Administrator, managers, and staff implement the plan in a sustained, coordinated fashion to meet the plan's ambitious targets and time frames. To help facilitate this oversight, our report recommends that EPA annually report to Congress on its progress in improving grants management.

Mr. Chairman, this concludes my prepared statement. I would be happy to respond to any questions that you or Members of the Subcommittee may have.

Contacts and Acknowledgments

For further information about this testimony, please contact John B. Stephenson at (202) 512-3841. Individuals making key contributions to this testimony were Andrea Wamstad Brown, Carl Barden, Christopher Murray, Paul Schearf, Rebecca Shea, Carol Herrnstadt Shulman, Bruce Skud, Kelli Ann Walther, and Amy Webbink.