

Environmental Protection Agency

FY 2002 Annual Performance Plan and Congressional Justification

Effective Management

Strategic Goal: EPA will maintain the highest-quality standards for environmental leadership and for effective internal management and fiscal responsibility by managing for results.

Resource Summary

(Dollars in thousands)

		FY 1999 Enacted	FY 2000 Actual	FY 2001 Enacted	FY 2002 Request
Goal 10	Effective Management	\$626,625.4	\$431,440.6	\$423,375.5	\$431,703.8
Obj. 01	Provide Leadership	\$30,384.7	\$37,157.7	\$40,833.8	\$46,998.0
Obj. 02	Manage for Results Through Services, Policies, and Operations.	\$197,641.9	\$173,028.8	\$176,982.3	\$189,686.0
Obj. 03	Provide Quality Work Environment.	\$358,709.5	\$181,892.3	\$152,537.9	\$141,812.2
Obj. 04	Provide Audit, Evaluation, and Investigative Products and Services	\$39,889.3	\$39,361.8	\$53,021.5	\$53,207.6
	Total Workyears	2,575.0	2,129.6	2,075.6	2,107.1

*For proper comparison with the FY 2002 request, the historic data has been converted to be consistent with the new 2000 Strategic Plan structure. Goal and Objective resources for FY 1999, FY 2000, and FY 2001 may therefore differ from the resources reported in the FY 2001 Annual Plan and Budget and the FY 2000 Annual Report.

Background and Context

Activities under this goal support the full range of Agency activities for a healthy and sustainable environment and include the following areas:

- Vision and leadership;
- Results-based planning and budgeting;
- Fiscal accountability;
- Quality customer service;
- Professional development of the entire Agency workforce;

- Independent evaluation of Agency programs;
- Investment in core infrastructure;
- Streamlined business processes;
- Program integrity;
- Management of human resources;
- Performance based procurement.

The programs under this Goal are designed to deliver services that enable EPA program offices to reach their environmental protection goals in an efficient and cost-effective manner. Agency programs and operations will be independently evaluated by the Office of the Inspector General to promote economy, efficiency, and effectiveness, and to prevent and detect fraud, waste, and mismanagement. Sound leadership, proactive management of human resources, policy guidance, innovation, quality customer service, consultation with stakeholders, results-based planning and budgeting, fiscal accountability, and careful stewardship of our resources provide the foundation for everything EPA does to advance the protection of human health and the environment. Instead of the traditional command and control strategies, many emerging issues require increased cooperation and coordination with industry and other community partners. In addition, work under this goal ensures that EPA's management systems and processes will be supported by independent evaluations that promote operational integrity and economic, efficient, and effective programs, allowing us to obtain the greatest return on taxpayer investment.

Means and Strategy

The Agency will continue to provide vision, leadership, policy and oversight for all its programs and partnerships. It will employ management strategies to advance the protection of human health and the environment. Strategies that cut across all organizational boundaries and are key to performing the Agency's mission are:

- Employment of work relationships with stakeholders;
- Promotion of cost-effective investment in environmental protection and public health through technological changes, fiscal accountability, improved customer and stakeholder relationships and delivery of services;
- Responsive and accountable management;
- Investments in core infrastructure that maintain a safe, healthy, and productive work environment;
- Assessment of management challenges and program risks identified by Congress, oversight agencies, EPA's OIG and State and Tribal partners;
- Commitment to manage human resources; fostering diversity and work to secure, develop, empower, and retain talented people the Agency needs to accomplish its environmental mission;
- Recognition of the special vulnerability of children to environmental risks and facilitating the intensified commitment to protect children's health;
- Reduction of administrative compliant cases;

By building on the success of its integrated plans, budgets, accountable processes and initiatives, EPA continues to implement the Government Performance and Results Act (GPRA) to ensure sound stewardship of Agency fiscal resources. As part of this effort, the Agency is improving its capabilities to use performance data and other information to make cost-effective investments for environmental results. The Agency also works closely with partners and stakeholders to meet GPRA challenges. EPA consults with both internal and external customers to ensure fiscal management services meet their needs for timeliness, efficiency, and quality.

Investment in human resources ensures that the workforce has the scientific and technology skills needed for the future and reflects the talents and perspectives of a growing multi-cultural society. This strategy will enable EPA to attract, retain and further develop a diverse workforce prepared to meet the Agency's current and future challenges.

EPA works toward providing a quality work environment which places high value on employee safety, security and the design and establishment of state-of-the-art laboratories. These facilities provide the tools essential to research innovative solutions for current and future environmental problems and enhances our understanding of environmental risks. Plans for building operations and new construction to support existing infrastructure requirements ensure healthy, safe and secure work environments and reflect energy conservation goals. These plans also fulfill the scientific and functional requirements of our programs. EPA has adopted an aggressive strategy to utilize energy savings performance contracts in order to reduce energy consumption significantly over the next five years.

The Agency's efforts in contract management will focus on selecting the appropriate contract vehicle to deliver the best value for the taxpayer. Performance-based contracts allow the Government to manage for results. Under this system the Government pays for results, not effort or process, and contractors are encouraged to determine the best and most cost effective ways to fulfill the Government's needs. Performance-based contracts save time and money for the Agency by reducing unnecessary contract administration costs. This is accomplished by moving away from cost reimbursement and level of effort to fixed price completion contracts. In addition, the Agency will put increased emphasis on contract oversight, including speeding up the contract process through fast-track system enhancements and automation efforts.

All Office of Inspector General (OIG) work is focused on the anticipated value it will have on influencing in resolving the Agency's major management challenges, reducing risk, improving practices and program operations, and saving taxpayer dollars while leading to the attainment of EPA's strategic goals. Highlights of expected Agency 2002 achievements in effective management are:

- Improvement of environmental quality and human health.
- Improvement of Agency management and program operations.
- Producing timely, quality, and cost-effective products and services.

The Agency will continue its commitment to protect children's health by targeting resources towards activities that will assure that the decisions and actions taken by the Agency consider risks to children, including working to develop sound scientific information to provide the basis for these decisions and actions. The Agency will also provide policy direction and guidance on equal employment opportunity and civil rights. The Agency's Administrative Law Judges and its Environmental Appeals Board Judges will issue timely decisions on administrative complaints and environmental adjudications.

Strategic Objectives and FY 2002 Annual Performance Goals

Objective 01: Provide Leadership

Objective 02: Manage for Results Through Services, Policies, and Operations

- EPA continues improving how it measures progress in achieving its strategic objectives and annual goals by increasing external performance goals and measures characterized as outcomes by 2% in the FY 2003 Annual Performance Plan and Congressional Justification compared to FY 2002.
- EPA strengthens goal-based decision making by developing and issuing timely planning and resource Management products that meet customer needs.

Objective 03: Provide Quality Work Environment

- EPA will initiate a demonstration fuel cell at Ft. Meade Laboratory.
- EPA will ensure personnel are relocated to new space as scheduled.
- EPA will ensure that all new and ongoing construction projects are progressing and completed as scheduled.

Objective 04: Provide Audit and Investigative Products and Services

- Improve environmental quality and human health by recommending 50 improvements across Agency environmental goals, identifying and recommending solutions to reduce 15 of the highest environmental risks, and identifying 15 best environmental practices.

Highlights

Agency management provides vision, leadership and conducts policy oversight for all Agency programs. Sound management principles, practices, results-based plans and budgets, fiscal accountability,

quality customer service, policy guidance and careful stewardship of Agency's resources are the foundation of EPA's efforts to protect the human health and the environment.

In FY 2002, EPA will build on its progress of linking resources to environmental results through goals-based fiscal resource management. The Agency will provide more useful cost accounting information for environmental decision making. EPA will make continued progress to evaluate the environmental results of its program activities. Highlights of expected Agency FY 2002 achievements in effective management are:

- Continued improvement in the accountability process that provides timely performance information used in strategic and annual plans, budget formulation, and reports.
- Maintenance of a clean audit opinion on the Agency's financial statements to demonstrate the highest caliber of resource stewardship and the credibility and reliability of Agency financial information.
- Implementation of a new payroll system that will reduce processing costs and burdens through use of efficient technology and processes.
- Continued development a long-term solution for the replacement of the Agency's major financial system and ancillary specialized systems that will better integrate these systems with other Agency resource database and administrative systems.
- Expansion of cost accounting and financial reporting capabilities to make relevant financial information readily available for decision-making purposes.

The Agency continues to strengthen pre-award and post-award management of assistance agreements. In FY 2002, EPA will closeout all interagency agreements and non-construction grants that end before September 30, 2001, ensuring projects are closed in a timely manner and that backlogs are avoided. The Agency will move toward electronic execution of grants internally and continue its commitment to integrate with Federal Commons, the central source for electronic grants administration for the government. The Agency will improve electronic commerce by providing electronic communication and contract management between EPA Program Offices and EPA contractors through the use of EPA's Program Office Interface System. In FY 2002, the Agency will continue to improve efficiencies in the contract process, while saving taxpayers dollars, through use of performance-based contracts. All new contracts will be evaluated for possible award or conversion to performance-based contracts.

In FY 2002, the Agency's request reflects the need to invest in our human resources to ensure that EPA has the science, technology, and interdisciplinary skills needed for the future and that EPA's workforce reflects the talents and perspectives of a growing multi-cultural society. To support this priority, the Agency will continue to implement its "Strategy for Human Capital." The Strategy represents a

strategic direction to invest in and manage the Agency's human resources. The effort includes workforce planning, to ensure that human resource requirements are aligned with strategic goals, and training, to enable our workforce to deliver national leadership, science and technology expertise in environmental protection. The Agency recognizes that investing in human resources is fundamental to achieving our strategic goals and objectives. The Agency's human resource goals are:

- Attracting and retaining a diverse and highly skilled workforce.
- Ensuring workforce performs to their highest potential.
- Encouraging the workforce to be innovative, creative, and risk taking at all levels of the organization.
- Continuing to develop a sense of community, where differences are recognized as contributing to the whole, all employees' contributions are appreciated, and all views are solicited and welcomed.
- Practicing teamwork and collaboration with internal and external partners.
- Integrating human resource systems with planning, budgeting, and accountability processes.

The Agency's building operations and new construction budget ensures a healthy, safe and secure work environment for its employees, and integrates energy conservation and state-of-the-art technology into its daily activities. The Agency will ensure that all new and ongoing construction projects are progressing and completed as scheduled. Renovation activities will continue at the New Headquarters project. EPA will also address critical repairs in EPA facilities related to employee health and safety, as well as environmental protection. These facilities provide the tools essential for researching innovative solutions to current and future environmental problems and enhancing our understanding of environmental risks.

The OIG will conduct and supervise independent and objective audits, evaluations, and investigations relating to Agency programs and operations, and will provide advisory services. The OIG will also review and make recommendations regarding existing and proposed legislation and regulations impacting the Agency. In addition, program evaluations and five types of audits will be conducted: contract, assistance agreement, program, financial statement, and systems audits. Five types of investigations will be performed: program integrity, assistance agreement, contract and procurement, employee integrity, and computer forensic investigations. Combined, these activities promote economy, efficiency, and effectiveness within the Agency, prevent and detect fraud, waste, and abuse, and contribute to improved environmental quality and human health. The OIG will keep the EPA Administrator and Congress fully informed of problems and deficiencies identified in Agency programs and operations and the necessity for corrective actions.

EPA will continue its commitment to protect children's health. The Agency will direct resources toward the programs that reduce risks to children from a range of environmental hazards. In FY 2002, the Agency will focus on research and analyses to provide scientific and economic information needed to address the heightened risks faced by children from environmental contaminants. The Agency will continue to work to decrease the frequency and severity of asthma attacks in children through reduction and avoidance of key asthma triggers, including environmental tobacco smoke, prevalent indoor allergens and

ambient air pollution. The Agency will continue efforts to reduce children's exposure to lead, particularly in low income minority neighborhoods, where children living in older housing are much more likely to be exposed to lead. We will continue to build partnerships and work with other Federal agencies, states, healthcare providers, schools, and international organizations to incorporate children's environmental health into their programs and activities. Highlights of expected Agency 2002 achievements in effective management are:

- Improvement of internal discrimination complaints process to provide employees and applicants for employment an opportunity to seek redress.
- Improvement of external discrimination complaints process to prohibit discrimination against any entity that receives Federal financial assistance.

External Factors

EPA would be affected by major new legislative requirements unsupported by increased resources. Such new mandates could require shifts in existing priorities for strategic planning, performance measurement, resource management, or financial management.

EPA would be affected by new directives from OMB, the Department of Treasury and other central offices for the management of its financial and information systems, accounting standards, and reporting requirements.

EPA would be affected by limited availability of environmental data required to measure results and make decisions relating resources to results.

The ability of the Office of Inspector General to accomplish its annual performance goal is dependent, in part, on external factors. Indictments, convictions, fines, restitutions, civil recoveries, suspensions, and debarments are affected by the actions of others (e.g., the Department of Justice). In addition, the prosecutive criteria established within various jurisdictions (e.g., dollar thresholds) can affect the number of cases.

The ability of the OIG to accomplish its annual performance goals is dependent, in part, on external factors. Indictments, convictions, fines, restitutions, civil recoveries, suspensions, and debarments are affected by the actions of others (e.g., the Department of Justice). In addition, the prosecutive criteria established within various jurisdictions (e.g., dollar thresholds) can affect the number of investigative cases.

The Congressional appropriations language prohibiting the Office of Civil Rights from implementing its interim Title VI guidance has caused an increase in the Agency's Title VI complaints backlog. Until the Agency publishes new final guidance, any complaints must be processed under guidelines used prior to the February 5, 1998 interim guidance, or held in abeyance, thereby increasing the backlog of cases.

Environmental Protection Agency

**FY 2001 Annual Performance Plan and Congressional Justification
Effective Management**

Objective #1: Provide Leadership

Provide vision, national and international leadership, executive direction, and support for all Agency programs.

Resource Summary
(Dollars in thousands)

	FY 1999 Enacted	FY 2000 Actual	FY 2001 Enacted	FY 2002 Request
Provide Leadership	\$30,384.7	\$37,157.7	\$40,833.8	\$46,998.0
Environmental Program & Management	\$30,229.5	\$37,146.2	\$40,833.8	\$46,998.0
Hazardous Substance Superfund	\$155.2	\$11.4	\$0.0	\$0.0
Total Workyears	268.8	273.1	277.6	309.3

Key Programs
(Dollars in thousands)

	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Enacted	FY 2002 Request
EMPACT	\$81.3	\$563.6	\$0.0	\$0.0
Civil Rights/Title VI Compliance	\$1,637.1	\$1,430.9	\$9,140.1	\$11,898.3
Immediate Office of the Administrator	\$2,791.3	\$2,505.6	\$3,300.0	\$4,294.2
Administrative Law	\$2,324.3	\$2,471.3	\$2,566.3	\$2,828.3
Environmental Appeals Boards	\$1,660.3	\$1,880.8	\$1,548.8	\$1,711.6
Rent, Utilities and Security	\$0.0	\$2,624.4	\$2,425.1	\$2,668.1

	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Enacted	FY 2002 Request
Administrative Services	\$67.2	\$315.1	\$298.3	\$299.4
Regional Management	\$0.0	\$67.5	\$30.6	\$0.0

FY 2002 Request

The American public is calling for environmental protection that preserves and protects America's environment, and an environmental protection framework that is based on partnerships with state and Tribal governments. They are challenging their leaders to adopt tough but achievable goals for the environment and to offer people and institutions the flexibility to find cost-effective ways to achieve those goals. The Immediate Office of the Administrator and its Regional counterparts will provide the vision and leadership needed to enable EPA to meet its commitments to protect public health and the environment in 2002.

EPA will continue its commitment to protect children's health. The Agency will direct resources toward the programs that reduce risks to children from a range of environmental hazards. In 2002, the Agency will focus on research and analyses to provide scientific and economic information needed to address the potential risks faced by children from environmental contaminants. The Agency will continue to work to decrease the frequency and severity of asthma attacks in children through reduction and avoidance of key asthma triggers, including environmental tobacco smoke, prevalent indoor allergens and ambient air pollution. The Agency will continue efforts to reduce children's exposure to lead, particularly in low income minority neighborhoods where children living in older housing are more likely to be exposed to lead. We will continue to build partnerships and work with other Federal agencies, states, health care providers, schools, and international organizations to incorporate children's environmental health into their programs and activities.

In 2002, the Agency will focus on reducing the backlog of Title VI external administrative complaints and Title VII internal employment discrimination complaints. Policy direction and guidance will be provided within the Agency on equal employment opportunity, civil rights and diversity issues. EPA will process discrimination complaints and develop, administer and monitor the implementation of affirmative employment programs. Furthermore, EPA will manage special emphasis programs designed to improve the representation, utilization, and retention of minorities and women in the Agency's workforce. Finally, EPA's external compliance program, including Title VI of the Civil Rights Act of 1964, will prohibit discrimination in programs and activities that receive financial assistance from EPA.

The Environmental Appeals Board (EAB) will issue final Agency decisions in environmental adjudications on appeal to the Board. These decisions are the end point in the Agency's administrative

enforcement and permitting programs. The right of affected persons to appeal these decisions within the Agency is conferred by various statutes, regulations and constitutional due process rights.

The Administrative Law Judges (ALJs) will preside in hearings and issue decisions in cases initiated by EPA's enforcement program concerning those accused of environmental violations under various environmental statutes. The ALJs have increased use, in recent years, of alternative dispute resolution techniques to facilitate the settlement of cases and, thereby, avoid more costly litigation.

FY 2002 Change from FY 2001 Enacted

EPM

- (+\$2,332,500/+25 FTE) The FY 2002 Request is \$2,332,500 and 25 FTEs above the FY 2001 Enacted budget level to support Title VI and Title VII civil rights work.
- (+\$1,811,400) This increase reflects an increase in workforce costs.
- (+\$1,249,100/+4.2 FTE) Reflects a redirection of Office of the Administrator resources to regional management activities.

Annual Performance Goals and Performance Measures

Civil Rights

In 2002 Establish metrics to assess the overall quality and effectiveness of all aspects of the Title VII program

In 2002 Develop the strategy for a diversity survey that will enable OCR to identify areas of progress and concerns relative to overall quality of life, fairness and issues associated with discrimination.

In 2001 Develop an Agency-wide Title VII training program

Performance Measures:	FY 1999 Actuals	FY 2000 Actuals	FY 2001 Estimate	FY 2002 Request
"Implement Agency-wide Title VII Alternative Dispute Resolution program			1	program
Develop metrics and conduct analyses against them for the counseling program, investigative process, alternative dispute resolution program and training				1 program

Identify contractor support, establish EPA workgroup, benchmark practices in other agencies and in the private sector, and conduct background research, and develop implementation strategy by FY2002

1 program

Baseline: Ensure compliance with federal non-discrimination laws in all of the Agency's internal and external programs and policies.

Verification and Validation of PMs

None

Coordination with Other Agencies

The Administrator co-chairs, along with the Secretary of the Department of Health and Human Services, the Interagency Task Force on the Protection of Children from Environmental Health Risks. EPA and other Federal agencies work together to implement a coordinated Federal policy related to children's environmental health issues.

Statutory Authority

Administrative Procedure Act

Civil Rights Act of 1964, Title VI

Civil Rights Act of 1964, Title VII

Comprehensive Environmental Response, Compensation, and Liability Act

Environmental Protection Agency

FY 2002 Annual Performance Plan and Congressional Justification

Effective Management

Objective #2: Manage for Results Through Services, Policies, and Operations

Demonstrate leadership in managing for results by providing the management services, administrative policies, and operations to enable the Agency to achieve its environmental mission and to meet its fiduciary and workforce responsibilities and mandates.

Resource Summary

(Dollars in thousands)

	FY 1999 Enacted	FY 2000 Actual	FY 2001 Enacted	FY 2002 Request
Manage for Results Through Services, Policies, and Operations.	\$197,641.9	\$173,028.8	\$176,982.3	\$189,686.0
Environmental Program & Management	\$155,289.7	\$144,025.5	\$143,391.4	\$154,904.8
Science & Technology	\$326.0	\$112.7	\$129.5	\$176.8
Leaking Underground Storage Tanks	\$988.7	\$654.2	\$1,313.2	\$1,270.7
Oil Spill Response	\$4.3	\$5.7	\$6.2	\$6.2
Inspector General	\$82.0	\$1.4	\$0.0	\$0.0
Hazardous Substance Superfund	\$40,951.2	\$28,229.3	\$32,142.0	\$33,327.5
Total Workyears	1,868.0	1,506.3	1,420.0	1,423.0

Key Programs
(Dollars in thousands)

	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Enacted	FY 2002 Request
Brownfields	\$0.0	\$0.0	\$0.0	\$231.1
Reinventing Environmental Information (REI)	\$2,507.1	\$0.0	\$0.0	\$0.0
Superfund - Maximize PRP Involvement (including reforms)	\$967.7	\$0.0	\$0.0	\$0.0
Environmental Finance Center Grants (EFC)	\$1,065.0	\$1,250.0	\$1,249.0	\$1,249.0
Human Resources Management	\$21,932.0	\$0.0	\$0.0	\$0.0
Contracts Management	\$24,986.0	\$0.0	\$0.0	\$0.0
Grants Management	\$8,568.8	\$0.0	\$0.0	\$0.0
Information Technology Management	\$21,975.1	\$0.0	\$3,250.4	\$0.0
Planning and Resource Management	\$51,897.1	\$44,079.9	\$47,567.1	\$47,246.8
Rent, Utilities and Security	\$0.0	\$26,714.3	\$23,710.7	\$26,183.6
Administrative Services	\$6,431.4	\$64,165.8	\$58,647.4	\$64,082.8
Regional Management	\$0.0	\$16,814.2	\$21,274.2	\$32,277.4

FY 2002 Request

In FY 2002, the Agency will continue to focus on Strategic Planning, Annual Planning and Budget, Financial Services, Financial Management, Analysis, and Accountability. Through these activities, the Agency provides executive direction for the Agency's budget, financial, and resources management functions; develop and manage a results-based management system; manages the annual planning and budgeting process; provides financial accounting and fiscal services to the Agency; operates and maintains the Agency's integrated financial management system; provides support to the Agency's Superfund cost recovery efforts; prepares the annual financial statements and performance reports; and coordinate the planning and budgeting process for the Agency Working Capital Fund. In addition, EPA's Environmental Financing Program assists states and localities in meeting their critical environmental infrastructure needs in a sustainable manner. The program provides grants to a network of university-based Environmental Finance Centers which, in turn, provide training, expert advice, education, and analysis to states, local

communities and small businesses. As part of EPA's efforts to provide the American public with cost-effective and efficient services, the Agency will carefully review our Federal Activities Inventory Reform Act process for FY 2002.

In FY 2002, the Agency will continue development and management of the Agency's integrated planning, budgeting, analysis, and accountability (PBAA) process to support a goals-based management system for the Agency. To accomplish its goals and objectives, EPA will consult with its partners and stakeholders (states, tribes, local government, other federal agencies, environmental associations, industry groups, the EPA Science Advisory Board) and the Congress and OMB to build the collaboration required to develop environmental outcomes that can be measured in short-term increments as well as long-term environmental goals. The Agency will provide technical support and assistance to the National Program Managers (NPM) and Regions to help ensure that EPA resources are focused on reducing the most significant risks to human health and the environment. EPA will work to link annual plans to the long-term goals and objectives of the Agency. EPA will continue capacity building activities to the NPMs and Regions to help increase the quality and quantity of program evaluations conducted. Such evaluations will help ensure that EPA resources are directed in the proper manner and that programs are achieving their intended results.

Our continued work with state governments through the Environmental Council of the States (ECOS) will ensure collaboration and cooperation with respect to the Agency's short and long-term goals and objectives. In the development of the Agency's Annual Plan, EPA will involve the Agency's regulatory partners (principally States and Indian tribes) in identifying short and long-term program priorities that can be considered in EPA's planning efforts. Our work in the areas of Federal Managers' Financial Integrity Act reporting and compliance with the Inspector General Act will include preparation of an annual report on material weaknesses and semiannual reports to Congress on audits, audit resolution activities, and support for audit coordinators throughout EPA. EPA will develop the Agency's third Annual Performance Report under GPRA—which will be its second consolidated Annual Report—in FY 2002. This report will provide the Congress with a comprehensive picture of its FY 2001 program performance related to the achievement of annual performance goals and measures described in the Agency's revised final FY 2001 Annual Plan. This report also meets requirements for reporting on management integrity, audit management, and financial statements.

The Agency will continue to meet the many challenges facing the quickly changing arena of Federal financial management and services. EPA will continue to further streamline and automate our financial statement process to make it more efficient and maintain our clean opinion, a visible and key indicator to the public of our commitment to sound stewardship. To achieve our goal, the agency will also revise our policies to ensure they meet today's higher accounting standards and facilitate our implementation of GPRA. In addition, EPA will continue its

commitment to electronic commerce. Currently, the Agency makes over 90 percent of its payments electronically and expects to continue increasing the level of electronic payments during FY 2002.

To keep pace with the challenges posed by rapid technological change, the Agency will make significant headway in bringing up a new payroll system and evaluating replacement options for our core financial system. EPA also plans to have a new reporting system, the financial data warehouse, well underway: the warehouse represents our ability to cost effectively extract cost information from a variety of administrative systems such as EPA's Integrated Financial Management System (IFMS). Utilization of this system will provide decision-makers with useful, timely and reliable reports to help them better manage their programs and meet their environmental goals. The agency will also focus on ensuring our internal and external customers have financial systems which help them work efficiently and reduce administrative burdens. For example, payments will be managed through Treasury's standard government system and EPA travelers will have a completely automated process from start to finish. Finally, the Agency will continue our efforts to reduce system risks and vulnerabilities to ensure that our sensitive financial data is well protected from intruders.

As part of our efforts to provide the public with cost effective and efficient services, EPA will carefully review our Federal Activities Inventory Reform Act process for FY 2002. The review will ensure EPA maintains an effective plan to compete those functions which are identified as being performed better by the private sector.

In FY 2002, EPA will develop the Agency's Annual Plan and Budget consistent with the Strategic Plan and further develop EPA's Budget Automation System (BAS), which serves as an invaluable tool for the Agency's budget process. EPA will continue the development of cost accounting capabilities in BAS that enable Agency managers and stakeholders to know the full cost of Agency programs and the resources associated with the achievement of environmental results. In order for EPA to achieve its environmental mission, an infrastructure must exist to demonstrate and document how EPA's resources result in improvement of public health and the environment over the long term. Improvements in cost accounting and financial reporting will provide Agency management with the means to assess how Agency resources link with environmental results.

This objective provides the leadership to ensure sound management of administrative services throughout the Agency, in both headquarters and the regions. The objective includes a broad range of functions, including: management of human resources, contracts and grants, facilities operations, health and safety, and environmental compliance.

The Agency will ensure a high level of integrity and accountability in the management of grants and contracts. The Agency will continue to strive toward better pre award and post award management of assistance agreements. In 2002, EPA will close out all interagency agreements and non-construction grants that end before September 30, 2001. The Agency will continue efforts to improve monitoring and oversight of grants, including on-site reviews of selected grantees. In addition, in 2002, EPA will link grant and financial data by incorporating information from the Integrated Grants Management System (IGMS) into

the Financial Data Warehouse. This is another step forward in EPA's efforts to utilize electronic commerce to fully automate the assistance process from cradle to grave.

In the contracts area, Agency efforts focus on selecting the appropriate contract vehicle to deliver the best value for Agency's mission and the taxpayer, including reducing the use of cost-reimbursable contracts. All contracts will be evaluated for possible award or conversion to performance-based contracts. In addition, the Agency will put increased emphasis on contract oversight, including speeding up the contract processes through fast-track system enhancements and automation efforts.

The Agency will invest in our human resources to ensure that EPA has the science and technology, and interdisciplinary skills needed for the future and that EPA's workforce reflects the talents and perspectives of a growing multi-cultural society. To support this priority, the Agency will continue to implement its "Strategy for Human Capital." The Strategy represents the first time that the Agency has developed a strategic direction for investing in and managing the Agency's human resources. The effort includes workforce planning, to ensure that human resource requirements are aligned with strategic goals, and training, to enable our workforce to deliver national leadership and science and technology expertise in environmental protection.

EPA will improve its infrastructure and ensure that the scientific and functional requirements of our programs are fulfilled. The personnel funded in this objective provide facilities operations and maintenance services to the Agency's headquarters and regional offices. The services include management of mail, transportation, printing, space utilization, security, and health safety and environmental compliance activities. The Agency will continue an aggressive approach to strengthen pollution prevention and energy conservation in its facilities.

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. "Environmentally preferable" products and services have a lesser or reduced effect on human health and the environment when compared to other products and services that serve the same purpose.

EPA's environmental information efforts require the Agency to ensure that its keeping pace with the states in the areas of data collection, management, and utilization. Consequently, in FY 2002, EPA will emphasize its new state data management grants, both from an information technology and grants management perspective. Additionally, EPA will continue to focus on information security and the need for each Region to have an internal information technology security capacity.

FY 2002 Change from FY 2001 Enacted

MULTI-APPROP

- (+\$800,000 EPM, +\$200,000 SF) Of funds being invested on systems modernization, \$1,000,000 is redirected from activities within the Office of the Chief Financial Officer to support the Integrated Financial Management System (IFMS).
- (+\$783,900 EPM, +\$736,500 SF, \$35,800 LUST) Payroll Adjustment - Investment Provides for cost of living increases.
- (-\$659,100; -7.1 FTEs EPM, -\$89,400; -4.1 FTEs SF.) This reduction will be to Fiscal Resource Management & Accountability activities.
- (+\$1,095,100 EPM, +\$47,300 S&T, +\$87,600 SF) The transit subsidy program benefits increase to \$100 per month in January 2002. This reflects an increase in transit subsidy benefits from \$60 to \$100 per month and increased participation in the transit subsidy program as more people move into the New Headquarters complex.
- (+\$7,610,800 EPM, +\$672,800 Superfund) Reflects a correction in the FY 2002 methodology which allocates administrative management costs across the environmental goals. This increase is not a substantive change to the activity.

Annual Performance Goals and Performance Measures

GPRA Implementation

- | | |
|---------|---|
| In 2002 | EPA strengthens goal-based decision making by developing and issuing timely planning and resource Management products that meet customer needs. |
| In 2002 | EPA continues improving how it measures progress in achieving its strategic objectives and annual goals by increasing external performance goals and measures characterized as outcomes by 2% in the FY 2003 Annual Performance Plan and Congressional Justification compared to FY 2002. |
| In 2001 | EPA strengthens goal-based decision making by developing and issuing timely planning and resource management products that meet customer needs. |
| In 2001 | EPA continues improving how it measures progress in achieving its strategic objectives and annual goals by increasing external performance goals and measures characterized as outcomes by 4% in the FY 2002 Annual Performance Plan and Congressional Justification. |
| In 2000 | 85% of EPA's GPRA implementation components (planning, budgeting, financial management, accountability, and program analysis) were completed on time and met customer needs. |

In 1999 EPA can plan and track performance against annual goals and capture 100% of costs through the new PBAA structure, based on modified budget and financial accounting systems, a new accountability process which was put in place in the 3rd quarter, and new cost accounting mechanisms.

Performance Measures:	FY 1999 Actuals	FY 2000 Actuals	FY 2001 Estimate	FY 2002 Request
The Annual Performance Report is delivered to Congress and reflects all EPA performance measures of Congressional interest as identified in the Annual Performance Plan.		31-Mar-2000		
The revised Strategic Plan will be produced and distributed.		30-Sep-2000		
Agency financial statements receive an unqualified audit opinion and are timely and provide programmatic and financial information useful to policymakers and interested parties.		30-Sep-2000		
Agency payroll and related systems are Year 2000 compliant in time to achieve invisible processing of payroll transactions.	16-Jul-1999			
The Accountability System tracks accomplishments against annual performance goals and measures and provides the information necessary for evaluating and adjusting program activities.	3\12\99			
Develop specifications for replacement of our central financial management systems and ancillary specialized systems, and begin the evaluation process.		30-Sep-2000		
Agency's audited Financial Statements and Annual Report are submitted on time.			3/01/2001	3/01/02
Percentage of increase in outcome-oriented APGs/PMs in Agency's Annual Plan and Congressional Justification submission.			4	2 Percent
EPA's audited Financial Statements receive an unqualified opinion and provide information that is useful and relevant to the Agency and external parties.			One	One final statement
Annual Plan and Budget Submission is timely and meets OMB requirements.			09/2001	09/2002

Baseline: In the FY 2001 Annual Performance Plan, 23% of the Annual Performance Goals (APGs) and 27% of Annual Performance Measures (APMs) are characterized as outcomes. For FY 2002, the cumulative goal is a total of 29% of externally reported APGs and 33% of APMs be characterized as outcomes in the FY 2003 Annual Performance Plan.

Payroll Systems Analysis

In 2002 Make significant progress in modernizing key financial management systems.

In 2001 Make significant progress in modernizing key financial management systems.

Performance Measures:	FY 1999	FY 2000	FY 2001	FY 2002
	Actuals	Actuals	Estimate	Request

Begin implementation plan for replacing EPA's legacy payroll systems.			9/30/01	9/30/02
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Establish a systems modernization team.			9/30/01	
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Complete preliminary analysis and evaluation of options for replacing EPA's integrated financial management system (IFMS).			9/30/01	9/30/02
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Baseline: Evaluate options for replacing key financial systems.

Core Financial Services

In 2002 Streamline the delivery of core financial management services to reduce customer burden and improve efficiency and cost effectiveness.

In 2001 Streamline the delivery of core financial management services to reduce customer burden and improve efficiency and cost effectiveness.

Performance Measures:	FY 1999	FY 2000	FY 2001	FY 2002
	Actuals	Actuals	Estimate	Request

Meet or exceed 90% of Chief Financial Officer core financial management standards (e.g. accounts receivable, travel reimbursements, payroll, EFT, cash reconciliations, etc.)			90	90%	percent
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Baseline: In FY 2001, 90% of Chief Financial Officer's management standards met.

Workforce Improvement

In 2002 EPA will improve the capability of its workforce by managing an SES Candidate Program and continuing to hire talented and diverse individuals

In 2001 EPA will improve the capability of its workforce by: workforce & succession planning; leadership development courses; mid-level employee cross-functional/business acumen skill's development courses; support critical competency enhancement training; and recruitment & development of new EPA Interns.

In 2000 EPA drafted it's the "Strategy for Human Capital" which represents the first time the Agency has developed a strategic direction for investing in and managing the Agency's human resources. It includes training & outreach to minority groups.

In 1999 We will continue to improve the quality, effectiveness and efficiency of EPA's workforce by hiring diverse and talented interns. We hired a total of 22 interns in FY 1999

Performance Measures:	FY 1999 Actuals	FY 2000 Actuals	FY 2001 Estimate	FY 2002 Request	
Number of Interns hired.				120	Intern
Number of participants in the SES Candidate Program				40	Number
Number of interpersonal and interdisciplinary competencies addressed in mid-level training curriculum.			12		Competencies
Number of Interns hired under the EPA Intern Program.	22	78	60		Interns
Percentage of administrative, secretarial, and support staff employees demonstrate increased competencies and enhance work effectiveness by participating in the "New Skills, New Options" training.			90		Percent
Number of participants in the Senior Executive Service (SES) candidate program.			20		Candidates

Baseline: The baseline in FY 2000: four pilots for Leadership Development conducted; 12 interpersonal and interdisciplinary competencies addressed in training curriculum; 4 support staff career paths identified, and; 60 interns are hired under the EPA Intern program in FY 2000 and 20 in FY 1999.

Utilization of Performance-based Contracts

In 2002 EPA will improve the quality, effectiveness, and efficiency of EPA's acquisition and contract management process by increasing the percentage of new contracts utilizing performance-based statement of works.

In 2001 EPA will improve the quality, effectiveness, and efficiency of EPA's acquisition and contract management process by increasing the percentage of new contracts utilizing performance-based statement of works.

In 2000 The Agency exceeded its goal of 11% of its contracts using performance based statements of works.

In 1999 This goal helped to ensure a high level of integrity and accountability in the management of contracts. EPA exceeded its goal of 10% and was able to award 15% of its contracts as performance-based in FY 1999.

Performance Measures:	FY 1999 Actuals	FY 2000 Actuals	FY 2001 Estimate	FY 2002 Request	
Percentage of new contracts utilizing performance-based statements of work.	15	24	11		Percent
Percentage of total eligible service contracting dollars for performance-based contracts.			20		Percent

Baseline: Baseline is 11% in FY 2000, 10% in FY 1999, 5% in FY 1998, and 0% in FY 1997.

Verification and Validation of Performance Measures

Performance Measure: Percentage of outcome-oriented APGs/PMs in Agency's FY 2003 Annual Performance Plan and Congressional Justification

Performance Database: Internal tracking using the Budget Automation System (BAS). Will conduct a manual assessment of Congressional PMs characterized as outcomes.

Data Source: BAS and OCFO staff evaluation

QA/QC Procedures: N/A

Data Quality Review: N/A

Data Limitations: N/A

New/Improved Data or Systems: N/A

Performance Measure: Agency's audited Financial Statements and Annual Report are submitted on time.

Performance Database: Output measure. No database.

Data Source: Audited Financial Statement, Budget Automation System and PERs reports

QA/QC Procedures: N/A

Data Quality Review: N/A

Data Limitations: N/A

New/Improved Data or Systems: N/A

Performance Measure: EPA's audited Financial Statements receive an unqualified opinion and provide information that is useful and relevant to the Agency and external parties.

Performance Database: Internal tracking. No database.

Data Source: Audited Financial Statements

QA/QC Procedures: N/A

Data Quality Review: N/A

Data Limitations: N/A

New/Improved Data or Systems: N/A

Performance Measure: Percentage of total eligible service contracting dollars for performance based contracts

Performance Database: N/A

Data Source: N/A

QA/QC Procedures: Verification of these measures will require the objective assessment of completed tasks by program staff and management

Data Quality Reviews: N/A

Data Limitations: N/A

New/Improved Data or Systems: N/A

Performance Measure: Percentage of backlog on non-construction grants closed out (output)

Performance Database: N/A

Data Source: N/A

QA/QC Procedures: Verification of these measures will require the objective assessment of completed tasks by program staff and management

Data Quality Reviews: N/A

Data Limitations: N/A

New/Improved Data or Systems: N/A

Performance Measure: Number of regional offices awarding grants through the Integrated Grants Management System. (Output)

Performance Database: N/A

Data Source: N/A

QA/QC Procedures: Verification of these measures will require the objective assessment of completed tasks by program staff and management

Data Quality Reviews: N/A

Data Limitations: N/A

New/Improved Data or Systems: N/A

Coordination with Other Agencies

To achieve its mission, OCFO has undertaken specific coordination efforts with federal and state agencies and departments through three separate vehicles: 1) the National Academy of Public Administration's Consortium on Improving Government Performance; 2) Agency representation as a member of the Natural Resources Performance Management Forum, which consists of 16 departments or bureaus involved in the management or protection of natural resources; and 3) active contributions to standing interagency management committees, including the Chief Financial Officers Council, the Federal Financial Managers' Council and the President's Council on Integrity and Efficiency. 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 and Budget, and the General Accounting Office.

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.

Statutory Authority

Federal Manager's Financial Integrity Act (1982)

The Chief Financial Officers Act (1990)

The Prompt Payment Act (1982)

The Government Performance and Results Act (1993)

Government Management Reform Act (1994)

Inspector General Act of 1978 and Amendments of 1988

Title 5 United States Code

Annual Appropriations Act

EPA's Environmental Statutes, and the Federal Grant and Cooperative Agreement Act

Federal Acquisition Regulations (FAR), contract law, and EPA's Assistance Regulations (40CFR Parts 30, 31, 35, 40, 45, 46, 47)

Clinger-Cohen Act

Paperwork Reduction Act

Freedom of Information Act

Computer Security Act

Privacy Act

Electronic Freedom of Information Act

Environmental Protection Agency

FY 2002 Annual Performance Plan and Congressional Justification

Effective Management

Objective # 3: Provide Quality Work Environment

Effectively conduct planning and oversight for building operations and provide employees with a quality work environment that considers safety, new construction, and repairs and that promotes pollution prevention within EPA and with our state, tribal, local, and private partnerships.

Resource Summary (Dollars in thousands)

	FY 1999 Enacted	FY 2000 Actual	FY 2001 Enacted	FY 2002 Request
Provide Quality Work Environment.	\$358,709.5	\$181,892.3	\$152,537.9	\$141,812.2
Environmental Program & Management	\$226,552.6	\$85,509.7	\$84,522.1	\$76,239.5
Science & Technology	\$7,423.2	\$7,818.6	\$21,405.7	\$17,595.3
Building and Facilities	\$56,948.0	\$62,443.2	\$23,878.4	\$25,318.4
Leaking Underground Storage Tanks	\$1,119.6	\$238.2	\$302.1	\$1,015.2
Oil Spill Response	\$659.9	\$117.5	\$10.4	\$456.3
Inspector General	\$4,011.9	\$23.4	\$0.0	\$0.0
Hazardous Substance Superfund	\$61,994.3	\$25,741.7	\$22,419.2	\$21,187.5
Total Workyears	55.4	8.5	9.1	12.6

Key Programs
(Dollars in thousands)

	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Enacted	FY 2002 Request
Superfund - Maximize PRP Involvement (including reforms)	\$32.1	\$0.0	\$0.0	\$0.0
New Construction: New Headquarters Project	\$14,833.4	\$0.0	\$0.0	\$0.0
New Construction :RTP New Building Project	\$36,000.0	\$0.0	\$0.0	\$0.0
Facility Operations: Repairs and Improvements	\$15,428.0	\$0.0	\$0.0	\$0.0
Facility Operations: Security	\$12,962.2	\$0.0	\$0.0	\$0.0
Facility Operations: Agency Rental/ Direct Lease	\$170,571.8	\$0.0	\$0.0	\$0.0
Facility Operations: Agency Utilities	\$10,015.2	\$0.0	\$0.0	\$0.0
Regional Program Infrastructure	\$60,133.6	\$0.0	\$28,670.4	\$6,032.1
Regional Science and Technology	\$0.0	\$1,372.5	\$1,369.5	\$0.0
Rent, Utilities and Security	\$0.0	\$3,693.1	\$5,750.9	\$6,922.0
Administrative Services	\$0.0	\$16,265.4	\$22,172.8	\$22,658.4
Regional Management	\$0.0	\$166.3	\$0.0	\$20,566.2

FY 2001 Request

This objective supports the Agency's goal for Effective Management through the construction of new facilities, and the design and establishment of state-of-the-art laboratories. These facilities provide the tools essential for researching innovative solutions to current and future environmental problems and enhancing our understanding of environmental risks. EPA is well engaged in the work of reducing energy consumed by operation of these facilities. In 2002, the Agency will continue to optimize operating efficiencies and encourage the use of new and advanced technologies and energy savings performance contracting.

The 2002 budget for the Agency's building operations and new construction supports existing infrastructure requirements that ensure healthy, safe and secure work environments that reflect the pollution prevention values of EPA and help fulfill the scientific and functional requirements of our programs.

Agency Facilities:

The funding supports the space modification for the New Headquarters consolidation project. The transition costs associated with occupying the Research Triangle Park complex will continue in 2002 and include expenditures for decommissioning (the process necessary to meet federal requirements to close down the old facility in an environmentally acceptable manner), utilities, and furniture to achieve optimum space utilization. Additional funds for telecommunications and move related costs are also required for the new headquarters consolidation.

Repairs and Improvements:

The Agency will address critical repairs related to employee health and safety, and will ensure that our facilities are in compliance with environmental statutes. EPA will support program required alterations needed to accomplish the Agency's mission, move-related alterations, as well as emergency repairs and maintenance for our laboratory facilities.

Facilities Operations:

The facilities operations in both headquarters and the regions include space utilization; preventive maintenance of existing space; property management; printing services; postage and mail management services; transportation services; recycling; and health, safety and environmental compliance activities, including medical monitoring, technical assistance, audits, training, and laboratory operations.

FY 2001 Change from FY 2000 Enacted

MULTI- APPROP

- (-\$6,145,100 EPM, -\$3,810,600 S&T) Reflects the completion of the new RTP facility. The remaining S&T resources are required to fund facility operations and construction oversight operations during the completion phase of the new RTP campus.
- (-\$1,002,700 EPM, -\$200,000 Superfund) Reflects a reduction to extramural regional facilities operations and support to fund cost of living increase for regional administrative services, which are allocated across the environmental goals.

B&F

- (+\$1,440,000) Provides for continued consolidation of EPA employees at the Federal Triangle Complex. EPA acquired new space at the Federal Triangle Complex that was not planned, and because of the historical nature of the space, the cost of renovations are higher than anticipated.

Superfund

- (-\$1,368,800) Redirection from Goal 10 to Goal 5 to better align laboratory resources that support the Environmental Goals.

Annual Performance Goals and Performance Measures

Energy Consumption Reduction

In 2002 EPA will implement 5 energy saving projects at EPA owned facilities.

In 2001 EPA will implement 5 energy saving projects at EPA owned facilities.

In 2000 EPA has implemented an aggressive strategy to reduce energy consumption in its facilities. As a result of this strategy, the Agency has reduced its total energy consumption by 19% over 1985 baseline.

In 1999 EPA continues to pursue its energy efficiency performance goals throughout its owned laboratory facilities which ensure the Agency achieves a high level of environmental, economical, and operational building safety. EPA implemented energy savings and pollution preventing at 4 labs.

Performance Measures:	FY 1999 Actuals	FY 2000 Actuals	FY 2001 Estimate	FY 2002 Request	
Improve energy efficiency and reduce energy consumption in EPA labs.	4				Labs
Energy consumption of BTUs per square foot.		304000			BUTs per Sq/Ft
Number of energy saving projects at EPA owned facilities.			5	5	Projects
Baseline:	In FY 2000, energy consumption of British Thermal Units (BTUs) per square foot is 320,000 BTUs per square foot.				

Facilities Projects

In 2002 EPA will ensure that all new and ongoing construction projects are progressing and completed as scheduled.

- In 2002 EPA will ensure personnel are relocated to new space as scheduled.
- In 2001 EPA will ensure that all new and ongoing construction projects are progressing and completed as scheduled.
- In 2001 EPA will ensure personnel are relocated to new space as scheduled.
- In 2000 All new and ongoing constructions projects progressed according to schedule.
- In 1999 EPA is continuing renovation at Ariel Rios North and has completed 90% build out. At present, renovation work continues and is on schedule. We met our goal in completing 50% of Interstate Commerce Commission building. We moved 31% of EPA personnel to the new consolidated complex.
- In 1999 EPA exceeded our goal by completing 60% of RTP new construction project. The facility will serve as the flagship for the Agency's Research and Sound Science efforts, it incorporates energy efficiency measures to save on utility requirements and sets the standard for laboratory construction.
- In 1999 Construction was completed on time (February 1999) and within the established budget. EPA employees were subsequently relocated to the new laboratory facility and the building was officially dedicated in April 1999.

Performance Measures:	FY 1999 Actuals	FY 2000 Actuals	FY 2001 Estimate	FY 2002 Request	
Percentage of the new RTP building construction completed.	60	80	100		Percent
Percentage of the Interstate Commerce Commission (ICC) building construction completed.	50	80	100		Percent
Percentage of EPA personnel consolidated into Headquarters complex.	31	40	52	72	Percent
Complete build out of Ariel Rios Building	90				Percent
Completion of lab construction at Ft. Meade.	100				Percent
Percentage of complete build out of Customs and Connecting Wing buildings.			85	100	Percent
Baseline:	In 1999, the percentage of EPA personnel relocated to New Headquarters Complex is 38%, Research Triangle Park (RTP) construction baseline is 50 % completion, and the Interstate Commerce Commission baseline is 500% completion. The baseline for the build out of the Customs and Connecting Wing is 85% in FY 2001.				

Energy Reduction Technology

- In 2002 EPA will initiate a demonstration fuel cell at Ft. Meade Laboratory.

In 2001 EPA will install a demonstration fuel cell at Ft. Meade Laboratory.

Performance Measures:	FY 1999 Actuals	FY 2000 Actuals	FY 2001 Estimate	FY 2002 Request	
Percentage of fuel cell components in place.			10	50	Percent
Percentage of structure completed.			100	100	Percent
Baseline:	Baseline will be established in FY 2001. Project's first year was 2001.				

Verification and Validation of Performance Measures

Performance Measure: Number of health and safety audits conducted on EPA facilities (Output)

Performance Database: N/A

Data Source: N/A

QA/QC Procedures: Verification of these measures will require the objective assessment of completed tasks by program staff and management

Data Quality Reviews: N/A

Data Limitations: N/A

New/Improved Data or Systems: N/A

Performance Measure: Percentage of complete build out of Customs and Connecting Wing buildings (Output)

Performance Database: N/A

Data Source: N/A

QA/QC Procedures: Verification of these measures will require the objective assessment of completed tasks by program staff and management

Data Quality Reviews: N/A

Data Limitations: N/A

New/Improved Data or Systems: N/A

Performance Measure: Number of energy saving projects implemented (Output)

Performance Database: N/A

Data Source: N/A

QA/QC Procedures: Verification of these measures will require the objective assessment of completed tasks by program staff and management determined by the collection of data throughout the year

Data Quality Reviews: N/A

Data Limitations: N/A

New/Improved Data or Systems: N/A

Coordination with Other Agencies

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.

Statutory Authority

Federal Manager's Financial Integrity Act (1982)

The Chief Financial Officers Act (1990)

The Prompt Payment Act (1982)

The Government Performance and Results Act (1993)

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Clinger-Cohen Act

Paperwork Reduction Act

Freedom of Information Act

Computer Security Act

Privacy Act

Electronic Freedom of Information Act

Environmental Protection Agency

FY 2002 Annual Performance Plan and Congressional Justification

Effective Management

Objective #4: Provide Audit and Investigative Products and Services

Provide audit, evaluation, and investigative products and advisory services resulting in improved environmental quality and human health.

Resource Summary

(Dollars in thousands)

	FY 1999 Enacted	FY 2000 Actual	FY 2001 Enacted	FY 2002 Request
Provide Audit, Evaluation, and Investigative Products and Services	\$39,889.3	\$39,361.8	\$53,021.5	\$53,207.6
Environmental Program & Management	\$592.2	\$1,172.9	\$7,527.8	\$5,925.9
Inspector General	\$39,297.1	\$38,188.9	\$45,493.7	\$34,019.0
Hazardous Substance Superfund	\$0.0	\$0.0	\$0.0	\$13,262.7
Total Workyears	382.8	341.7	368.9	362.2

Key Programs

(Dollars in thousands)

	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Enacted	FY 2002 Request
Contract Audits	\$4,950.6	\$5,439.5	\$5,346.2	\$5,200.0
Assistance Agreement Audits	\$6,830.5	\$7,349.3	\$5,352.1	\$2,000.0
Program Audits	\$10,264.4	\$11,025.6	\$12,763.4	\$4,900.0

	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Enacted	FY 2002 Request
Financial Statement Audits	\$4,187.5	\$4,334.3	\$4,247.3	\$4,000.0
Program Integrity Investigations	\$911.5	\$1,471.7	\$1,483.1	\$1,500.0
Assistance Agreement Investigations	\$2,650.4	\$2,762.8	\$2,765.0	\$2,900.0
Contract and Procurement Investigations	\$2,913.0	\$3,005.1	\$2,979.7	\$3,100.0
Employee Integrity Investigations	\$953.4	\$991.8	\$921.2	\$1,000.0
Planning, Analysis, and Results - IG	\$0.0	\$0.0	\$1,612.2	\$1,600.0
Program Evaluation - IG	\$0.0	\$1,636.3	\$2,842.0	\$15,000.0
Rent, Utilities and Security	\$0.0	\$0.0	\$7,033.4	\$7,021.1
Administrative Services	\$0.0	\$142.2	\$494.4	\$300.5

FY 2002 Request

The Office of Inspector General (OIG) provides audit, evaluation, investigative, and advisory services that fulfill the requirements of the IG Act and contribute to improved Agency management, environmental quality and human health. The work of the OIG supports the attainment of Agency Strategic Goals and assists the Agency in resolving its top management challenges. Audits and program evaluations, selected based on relative risk, materiality, and results of past reviews, identify best practices, areas for improvement, and cooperative solutions to problems. Investigations focus on alleged fraud, waste, abuse, and other illegal activities by EPA employees, contractors, and grantees. Investigations are also vital in identifying high-risk vulnerabilities, systemic weaknesses, improvements in programs and operations, savings, and economic benefits.

During FY 2002, the OIG will continue its new directions of: 1) *performing program evaluations* to provide Congress and the Agency with best practices, analyses, and recommendations to address the most serious management challenges, accomplish environmental objectives, and achieve GPRA goals; 2) *partnering with others*, including other Federal and State auditors, evaluators, law enforcement officials and associations who also have environmental missions, to leverage our resources to attain maximum environmental benefits with available resources; and 3) *implementing human resource and knowledge management strategies* that will ensure that the OIG has a diverse, highly motivated and accountable staff with the skill sets and tools needed to perform increasingly complex work.

More specifically, the OIG will concentrate its efforts during FY 2002 on the Air, Water, Waste Management, and Scientific Research programs, and will also focus on computer security and the Agency's business systems.

Air - The OIG's approach to assessing EPA's achievement of its clean air goal will include gaining an understanding of key air programs and identifying major opportunities for cost-effective risk reduction.

Water - The OIG will focus on gaining a better understanding of the overall needs and challenges in protecting the Nation's water resources, important regional or watershed issues like the Everglades and western farming, ensuring safe drinking water, assessing the need for better water quality monitoring information, determining the extent of water infrastructure needs and costs, and assessing the effectiveness of point and non-point source programs. Further, the OIG will assess whether the Agency has comprehensive contingency plans ensuring continuity and protection of essential water functions across a wide range of potential emergencies.

Waste Management - The OIG will determine the extent of sites remaining to be cleaned up, the environmental risks these sites pose, and how efficiently and effectively EPA is using appropriated funds for cleanup of hazardous waste sites. Since many of the sites remaining to be cleaned up are on Federal lands, the OIG will work closely with the GAO and other Federal IGs to accomplish our work.

Scientific Research - The OIG will analyze EPA's scientific and peer review programs to evaluate their integrity and effectiveness in influencing program management decisions including, improper activities in laboratory work used to support EPA decisions. Further, the OIG will continue an investigative initiative to uncover criminal activity in the conduct of laboratory work by contractors and others.

Computer Security - The OIG plans to: (1) monitor computer security weaknesses previously identified by our office and GAO; (2) identify new and emerging vulnerabilities to computer security; and (3) advise the Agency of any additional computer security enhancements needed to reduce the risk of damage and disruption to EPA's critical systems. The OIG will also continue performing criminal investigations of intrusive activities affecting EPA computer security and participate with other law enforcement agencies in the growing effort to protect computer security.

Systems - The OIG will evaluate EPA's organizational systems and capacity to achieve its mission and goals. Specifically, the OIG will identify best practices and areas for improvement in the Agency's: (1) leadership, (2) strategic planning, (3) customer focus, (4) information systems and analysis, (5) human resources management and development, (6) process management, and (7) business results. In addition, the OIG will evaluate the Agency's systems of financial, management

and administrative controls, and the integration of performance measures to protect EPA's resources and make sound, well-supported decisions.

Financial auditing of assistance agreements will decrease during FY 2002 due to the substantial completion of the risk-based strategy of the Construction Grant Program. The Agency has declared close-out of the program as a material weakness until FY 2002, and the OIG is committed to audit or return for close-out, any grant within 12 months of a request, and assist the Agency as needed. The OIG also anticipates devoting fewer resources to auditing the Agency's financial statements as OIG staff become more efficient and the Agency's controls improve.

Investments in program audits will decrease since the OIG has shifted resources to perform program evaluations. The primary emphasis of those evaluations will be on determining whether EPA has designed the programs, projects, and tasks within the goals, objectives, and sub-objectives reported to Congress under GPRA to achieve the desired results and impacts in the most efficient and cost-effective manner. The OIG anticipates that the process will develop and evolve over time. While completion of final products synthesizing results for the whole of a program may be protracted, the OIG expects to provide many useful intermediate products during the systematic process to help management improve their programs and Congress to better understand how EPA is implementing authorized programs. Program evaluations are staffed with a mix of scientists, auditors, evaluators, economists, and others from within and outside the OIG, often assigned on a temporary basis, to provide flexibility and a diverse range of skills as our evaluation approach is refined.

The OIG product line includes:

Audits

Contract Audits determine the allowability, allocability, and reasonableness of costs claimed by contractors. They include audits of EPA contractors' indirect cost proposals, pre-award, interim, and final contract cost submissions.

Assistance Agreement Audits consist of financial audits of EPA's State Revolving Fund programs, Performance Partnership Grants, interagency agreements, and cooperative agreements, all of which provide assistance to state, local and tribal governments; universities; and nonprofit recipients. Our work builds on the Single Audit Act and focuses on resource-intensive, high-risk programs.

Financial Statement Audits consist of audits of the Agency's financial systems and statements to ensure that adequate controls are in place and the Agency's accounting information is accurate, reliable and useful, and complies with applicable laws and regulations. Our objective is to assist EPA in making improvements in the financial management processes and controls which will provide better information for decisions promoting the most cost-effective results.

Systems Audits review the economy, efficiency and effectiveness of operations by examining the Agency's leadership systems, its strategic planning, human resources development, customer focus and process management. These reviews also focus on the integration of performance and financial information to manage and assess results, and determine the extent of compliance with applicable laws and regulations to improve the integrity and management of assets and resources.

Program Audits and Evaluations

Program Audits and Evaluations use sophisticated analytical tools, methodologies and specialized skills, applied with a broad perspective to determine the extent to which the desired results or benefits envisioned by the Administration and Congress are being achieved. Our program audit work includes evaluating whether EPA's contracts and assistance agreements are being awarded and administered in a manner that supports achievement of the Agency's environmental mission. Program Evaluations involve the systematic measurement and analysis of environmental, economic, and other external outcomes, benefits, and results in relation to the application of resources and legislative and policy initiatives. They assist the Agency in implementing the Government Performance and Results Act (GPRA) by selectively verifying and validating performance measures, data, and results. Four types of evaluations include:

- Process:* Assesses the extent to which a program is operating as it was intended.
- Outcome:* Assesses the extent to which a program achieves its outcome-oriented objectives.
- Impact:* Assesses net effect of a program by comparing outcomes with the absence of the program.
- Cost Benefit:* Compares the program's outputs or outcomes with the costs to produce them.

Phases of Program Evaluation

Phase I Evaluations (Review) (1) Reviews of program offices' GPRA plans to assess whether relationships between environmental programs and outcomes are documented and understood; (2) reviews of available performance information on key processes, outcomes, impacts, and cost-benefits; (3) prioritizing possible evaluation questions and issues; (4) incorporating Phase I findings into "knowledge baseline" report highlighting major information gaps; and (5) developing Phase II plans.

Phase II Evaluations (Analysis) (1) The conduct and coordination of multiple evaluations of program performance, including process, outcome, impact and cost-benefit evaluations as defined and prioritized in Phase I; and (2) development of individual program performance evaluation/audit reports including practical opportunities for improving performance, measured by program outcomes and impacts.

Phase III (Synthesis) (1) Combining the results of Phase I and II into a comprehensive picture of the environmental program, its GPRA planning structure and baseline performance; and, (2) presenting recommendations for improving the planning structure, filling data gaps, and making programmatic changes that will result in significant improvements in the program's environmental performance.

Investigations

Program Integrity Investigations focus on activities that could undermine the integrity of Agency programs concerning safety and public health, and erode public confidence in the Agency. These cases are initiated in response to allegations or may be self-initiated in high-risk areas where there is reasonable suspicion of fraud.

Assistance Agreement Investigations focus on criminal activities related to Agency grants, State Revolving Funds, interagency agreements, and Cooperative Agreements that provide assistance to state, local, and tribal governments, universities, and nonprofit recipients.

Contract and Procurement Investigations focus on acquisition management, contracts, and procurement practices, and specifically concentrate on cost mischarging, defective pricing, and collusion on EPA contracts. The decentralized nature, complexity, and the lack of a central vendor and subcontractor database increase the Agency's vulnerability to contract fraud.

Employee Integrity Investigations involve allegations against EPA employees that could threaten the credibility of the Agency. Employee integrity investigations are conducted to maintain the integrity of EPA personnel.

Computer Forensic Investigations identify and counter illegal intrusions of EPA's computer systems. Through a specialized computer intrusion unit, the OIG will coordinate with the FBI's National Infrastructure Protection Center, and with the U.S. General Accounting Office's (GAO) Federal Computer Intrusion Response Center.

Advisory and Assistance Services

Includes a wide range of products and services designed to give managers information they need more expediently than audits, and to assist EPA management in assessing and/or implementing control systems and processes. They often focus on working with Agency managers to develop solutions to known problems or to design systems and controls to prevent problems in new programs and activities. These services include:

- Review and analysis of proposed and existing legislation and regulations
- Assessment of Agency implementation of GPRA and advice on improved planning, measurement, accountability, linkages, data quality, and reporting;
- Review and assessment of internal, financial and management controls;
- Fraud prevention awareness and techniques; and,
- Presentations, workshops, and analysis of management improvement techniques.

Linking Our Work to Outcomes and Impacts

All of our work is planned based on the anticipated value toward influencing resolution of the Agency's major management challenges, reducing risk, improving practices, program operations and saving taxpayer dollars, while leading to the attainment of EPA's Strategic Goals.

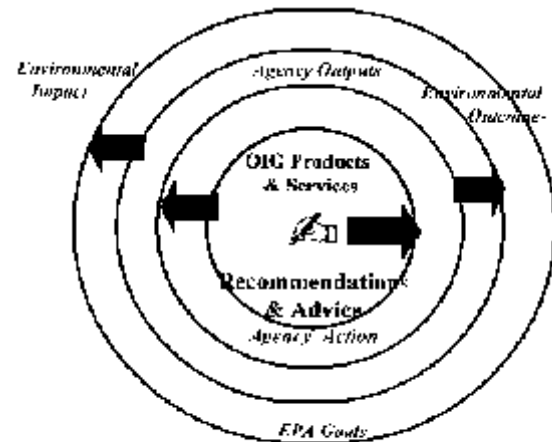
Our strategic plan aligns OIG products and services with current Agency goals and priorities based upon emerging issues, legislative initiatives, needs of various customers, clients and stakeholders and multiple dynamic external factors. The OIG will prepare clear, accurate, timely, and independent reports to the Administrator, Congress, and the public summarizing the OIG's work results and demonstrating value to the Agency and taxpayers. The OIG will maintain a process for identifying, collecting, analyzing, and reporting performance and resource information as required by GPR, and management assessment reviews will be conducted to ensure that the high quality of OIG work is maintained.

Further, the OIG will provide human resource support and develop applications of computer technology for fast, economical information that increases operational capacity and customer responsiveness. Technology is one of the OIG's primary means to make administrative reforms and apply a greater percentage of staff to direct mission objectives.

The following are internal OIG activities which are necessary to ensure that the OIG obtains the greatest return on its investment for the Agency by contributing to the performance of audits, evaluations, and investigations:

Program Management - Activities of the Immediate Office of the Inspector General which provide leadership, overall direction, policy, and management of OIG operations. These activities also include independent legal services provided by the OIG Counsel.

Planning, Analysis, and Results - Activities to develop strategic and annual performance plans, budgets and accountability reports in compliance with the IG Act, as amended, and GPR that clearly link all resources to progress in achieving organizational objectives and results. These activities provide the catalyst to effective controllership, decision-making and operational changes for the best application of resources. They also identify customer, client and stakeholder needs, and opportunities for responsive collaboration with Federal, state, local and private entities.



Creating a Nexus or Link Between OIG Products/ Services and Environmental Impacts/Goals

Human Capital - Activities involving the management, coordination and supervision of OIG Resource Centers for audits, evaluations and investigations. Activities include mentoring and coaching staff on career management and providing career development opportunities; monitoring and assisting offices with OIG work plan implementation; assigning Resource Center staff based on assignment needs and employee career development requirements; monitoring OIG competencies and skills for recruiting goals; providing quality assurance that assignments meet professional standards such as GAO and OIG standards; providing customer relations and marketing of OIG products and services to EPA officials, partners and stakeholders; leading efforts to improve the audit, evaluation and investigative processes; making OIG reports and products more responsive to customer needs; and providing better services to EPA.

Human Resource Systems - Activities to provide a fully-staffed, highly-qualified, and culturally-diverse workforce supported by appropriate and efficient administrative services to maximize application of OIG staff time on direct mission work.

Information Systems - Activities for the acquisition and maintenance of information technology hardware and software, and the development, implementation, and maintenance of knowledge management applications. These activities result in better, cheaper, and faster communications and products, thereby improving OIG efficiency and its value to the Agency.

Working Capital Fund - Activities funded by the OIG and managed by the Agency which provide computing (desktop connectivity), communications (E-mail, voice mail, long-distance telephone service) and postage services to the OIG staff nationwide. These are fee-for-service activities designed to promote economy and efficiency.

FY 2002 Change from FY 2001 Enacted

IG

- (+\$392,300, -6.7 FTE) This increase reflects an increase in workforce costs. The reduction of 6.7 FTE will be reflected in: 1) a decrease in financial audits of assistance agreements due to the substantial completion of the risk-based strategy of the Construction Grant Program, and 2) fewer resources devoted to auditing the Agency's financial statements as staff become more efficient and the Agency's controls improve.

Annual Performance Goals and Performance Measures

Fraud Detection and Deterrence

- In 2002 Improve Agency management and program operations by identifying savings, recoveries, and fines equaling the annual investment in the OIG, and by preventing fraud and reducing the risk of loss through 50 criminal, civil, or administrative actions.
- In 2001 Increase effectiveness in detecting and deterring fraud and other improprieties that undermine the integrity of Agency programs and resources.
- In 2000 OIG met its goal to increase its effectiveness in detecting and deterring fraud and other improprieties by increasing the number of assistance agreement and contract cases, improving the percentage of cases referred for action, and reducing the average time for case completion.
- In 1999 Office of Investigations increased its effectiveness in detecting & deterring fraud & other improprieties by increasing the number of assistance agreements & contract cases, improving the % of cases referred for action, reducing average time of case completion, & more fraud awareness briefings.

Performance Measures:	FY 1999 Actuals	FY 2000 Actuals	FY 2001 Estimate	FY 2002 Request	
Monetary value of fines, judgements, settlements, restitutions, and savings.	\$.8	70.8	4.3		Million
Judicial, administrative, and other actions taken to enforce law, reduce or avoid risk.	73	107	50		Actions
Percentage of cases completed resulting in referrals.		51.3	37.6		% Of Cases
Percentage of cases completed or referred within one year.		48.2	53		% Of Cases
Number of judicial, administrative, or other actions taken.				50	Actions
Return on the annual dollar investment in the OIG				100	Percent

Baseline: In FY 2001, the OIG will identify savings, recoveries, and fines at a baseline of \$44.3 million and reduce the risk of loss through criminal, civil, or administrative actions at a baseline of 54 actions.

Resources Management

- In 2002 Produce timely, quality, and cost-effective products and services that meet customer needs by providing the right product, at the right time to the right customers, at the right cost that achieve an overall customer satisfaction rate 79 percent.

Performance Measures:	FY 1999 Actuals	FY 2000 Actuals	FY 2001 Estimate	FY 2002 Request	
Overall customer satisfaction rate.				79	Percent

Baseline: Baseline will be established in 2001.

Audit and Advisory Services

- In 2002 Improve environmental quality and human health by recommending 50 improvements across Agency environmental goals, identifying and recommending solutions to reduce 15 of the highest environmental risks, and identifying 15 best environmental practices.
- In 2001 Provides independent audits, evaluations, and advisory services, responsive to customers and clients, leading to improved economy, efficiency and effectiveness in Agency business practices and attainment of its environment goals.
- In 2000 OIG provided timely, independent auditing and consulting services responsive to the needs of customers/stakeholders by identifying opportunities for increased economy, efficiency, and effectiveness in achieving environmental results. OIG audit products and services are more customer and goal driven.
- In 1999 The Office of Inspector General provided objective, timely, and independent auditing, consulting, and investigative services through such actions as completing 24 construction grant closeout audits.

Performance Measures:	FY 1999 Actuals	FY 2000 Actuals	FY 2001 Estimate	FY 2002 Request	
Potential monetary value of recommendations, questioned costs, savings and recoveries.	124.9	55.3	40		Million
Examples of IG recommendations/advice or actions taken to improve the economy, efficiency, and effectiveness of business practices and environmental programs.	60	78	55		Examples
Construction Grants Closeout Audits	24				Audits
Overall customer and stakeholder satisfaction with audit products and services (timeliness, relevancy, usefulness and responsiveness.		76	77		Percent
Number of environmental improvements made and reductions in environmental risks				65	Improvements
Number of best environmental practices identified				15	Practices

Baseline: In FY 2001, the OIG will recommend improvements across the Agency environmental goals and recommend solutions to reduce the highest environmental risks at a baseline of 68 recommendations.

Verification and Validation of Performance Measures

Performance Measure: Number of environmental improvements made and reductions in environmental risks

Performance Database: The Management Accountability System is an electronic file used to retain information on the progress and results of assignments for the current fiscal year.

Data Source: Office of Inspector General (OIG) staff are responsible for entering data into the system.

QA/QC Procedures: Data accuracy is subject to reviews by OIG management and an OIG Management Assessment Review Team. In addition, the OIG issued Audit Management Guidance 96-01, “Guidance for Preparing Status of Ongoing Assignments” to promote consistency in data collection and accuracy.

Data Quality Reviews: There has not been any previous audit findings or reports by external groups on data weaknesses in the Management Accountability System.

Data Limitations: All OIG staff are responsible for data accuracy. However, there is the possibility of incomplete or missing data due to human error.

New/Improved Data or Systems: The OIG anticipates automating procedures for data collection pertaining to recommendations for improvement, reductions of environmental risks, and identification of best practices.

Performance Measure: Number of best environmental practices identified

Performance Database: The Management Accountability System is an electronic file used to retain information on the progress and results of assignments for the current fiscal year.

Data Source: Office of Inspector General (OIG) staff are responsible for entering data into the system.

QA/QC Procedures: Data accuracy is subject to reviews by OIG management and an OIG Management Assessment Review Team. In addition, the OIG issued Audit Management Guidance 96-01, “Guidance for Preparing Status of Ongoing Assignments” to promote consistency in data collection and accuracy.

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Coordination with Other Agencies

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 OIG created an Environmental Consortium in May 2000 through the PCIE and the Executive Council on Integrity and Efficiency. The Consortium, which seeks effective solutions to cross-cutting environmental issues, currently includes representatives from 19 executive agencies and GAO. The OIG also participates with various inter-governmental audit forums, professional associations, and other cross-governmental forums to exchange information, share best practices and directly collaborate efforts.

Statutory Authorities

Inspector General Act of 1978, as amended

Chief Financial Officers Act

Government Management Reform Act

Federal Financial Management Improvement Act

Comprehensive Environmental Response, Compensation and Liability Act

Food Quality Protection Act