

Environmental Protection Agency

FY 2003 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 2001 Actuals	FY 2002 Enacted	FY 2003 Request	FY 2003 Req. v. FY 2002 Ena.
Effective Management	\$445,611.9	\$454,968.1	\$460,963.2	\$5,995.1
Provide Leadership	\$40,847.0	\$47,207.9	\$49,767.0	\$2,559.1
Manage for Results Through Services, Policies, and Operations.	\$178,771.0	\$186,431.5	\$201,462.0	\$15,030.5
Provide Quality Work Environment.	\$177,971.0	\$169,367.3	\$156,141.5	(\$13,225.8)
Provide Audit, Evaluation, and Investigative Products and Services	\$48,022.9	\$51,961.4	\$53,592.7	\$1,631.3
Total Workyears	2,129.2	1,999.2	1,943.7	-55.5

Background and Context

The programs under this Goal are designed to deliver services that enable EPA program offices to make results-based decisions and meet environmental protection goals in a cost-effective manner. 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.

Developing and carrying out these policies and services is accomplished through focus on front-line customer services and measuring results. EPA routinely consults and coordinates with industries, communities and other customers and partners to identify emerging issues and develop strategies to meet shared objectives. In addition, work under this goal ensures that EPA's management systems and processes are supported by independent evaluations that promote operational integrity and program efficiency and effectiveness, allowing us to obtain the greatest return on taxpayer investments.

Work under this goal ensures that EPA's management systems and processes, and its programs are supported by independent evaluations that promote operational integrity and efficient and effective programs allowing us to obtain the greatest return on taxpayer investments, and to prevent and detect fraud, waste and mismanagement.

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

- Effective vision and leadership;
- Results-based planning and budgeting;
- Fiscal accountability;
- Quality customer service;
- Professional development of the Agency workforce;
- Independent evaluation of Agency programs;
- Investment in core infrastructure;
- Streamlined business processes;
- Program integrity;
- Management of human resources;
- Performance based procurement.

The performance of this Goal is designed to provide the leadership and services that enable EPA program offices to reach their environmental protection goals in an efficient and effective manner. The effectiveness of EPA's management and the delivery of administrative services will determine, in large measure, how successful we are in achieving the Agency's environmental mission. The Agency must continue to improve the quality and delivery of its services. Instead of the traditional command and control strategies, many emerging issues require increased cooperation and coordination with states, tribes, industry and other partners. Agency management and program operations will be independently evaluated to promote economy, efficiency, and effectiveness, and to prevent and detect fraud, waste, and mismanagement.

EPA is also actively working to align its management objectives more closely with those of the President's Management Reform Agenda. EPA's strategy for providing effective management specifically addresses the major challenges facing the federal government as a whole:

- *Strategic Management of Human Capital:* The Agency is developing a comprehensive strategy to attract, develop and retain a workforce that is prepared to meet the Agency's future challenges.
- *Competitive Sourcing:* EPA submitted its Competitive Sourcing Plan to OMB as required and will hold competitions in FY 2002 and FY 2003 to meet the goals of the President's Competitive Sourcing Agenda.
- *Improved Financial Performance:* The Agency is making significant progress on the replacement of its aging financial management systems. EPA has also instituted a comprehensive strategy addressing all security-related deficiencies, and is implementing a process to eliminate a historical backlog in issuing National Pollutant Discharge Elimination Systems Permits (NPDES) by the end of FY 2005.

- *Budget and Performance Integration:* In FY 2003 the Agency will improve the quality of its performance goals and measures and restate them more closely to environmental outcomes across its goals.
- *E-Government:* (See Goal 7 for the discussion of the Agency's strategy for e-government issues.)

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:

- Developing partnerships with stakeholders to ensure mutual goals are met;
- Promoting cost-effective investment in environmental protection and public health through sound stewardship and responsible results-based management. EPA works to achieve this goal through keeping pace with technological change, meeting accounting standards, consulting with customers and stakeholders, and improving delivery of services;
- Providing responsive and accountable management;
- Assessing management challenges and program risks identified by Congress, oversight agencies, EPA's OIG and State and Tribal partners;
- Committing to manage human resources; foster diversity; and work to secure, develop, empower, and retain talented people to accomplish the Agency's environmental mission;
- Investing in core infrastructure that promote energy efficiency and green procurement, and maintain a safe, healthy, and productive work environment;
- Implementing streamlined systems and processes in grants and contracts/management;
- Recognizing the special vulnerability of children and other sensitive sub-populations, such as older Americans, to environmental risks and facilitating the intensified commitment to protect children and the elderly.

EPA will continue to aggressively implement its action plan in support of the Agency's Strategy for Human Capital. This strategy will enable EPA to attract, retain and further develop a diverse workforce prepared to meet current and future challenges. Building on work that began in 1998, EPA's goals for human capital will focus on implementing a workforce planning model, completing a comprehensive pay review, and developing delivery systems and processes to enhance the training and development of EPA's workforce.

In continuing to provide a quality work environment that is energy conscious and values employee safety and security, the Agency will implement repair and improvement projects at several EPA facilities. These facilities provide the tools essential to research innovative solutions for current and future environmental problems and enhance our understanding of environmental risks. In FY 2003, EPA's goals in this area are aimed at reducing energy consumption at its facilities by encouraging the use of new and advanced technologies and energy savings performance contracts.

By building on the success of its integrated planning, budgeting, and accountability processes and initiatives, EPA promotes the implementation of 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. EPA collaborates extensively with partners and stakeholders to forge the partnerships required for shared approaches to meeting the challenges of GPRA. EPA consults with internal customers on fiscal management services to meet their needs for timeliness, efficiency and quality.

Audit, evaluation, investigative, and advisory products and services contribute to effective management by facilitating the accomplishment of the Agency's mission. Specifically, audits, evaluations, and advisory services lead to improved economy, efficiency, and effectiveness in EPA business practices and assist in the accomplishment of environmental goals. Investigations detect and deter fraud and other improprieties which can undermine the integrity of EPA programs and resources. All Office of Inspector General work is focused on the anticipated value it will have on influencing resolution of the Agency's major management challenges, reducing risk, improving management and program operations, and saving taxpayer dollars while leading to the attainment of EPA's strategic goals.

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 decisions on administrative complaints and environmental adjudications, respectively, in a timely manner.

Strategic Objectives and FY 2003 Annual Performance Goals

Provide Leadership

Manage for Results Through Services, Policies, and Operations

- Strengthen EPA's management services in support of the Agency's mission while addressing the challenges included in the President's Management Agenda.

Provide Quality Work Environment

Provide Audit and Investigative Products and Services

- Improve environmental quality and human health by recommending 75 improvements across Agency environmental goals, identifying and recommending solutions to reduce 20 of the highest environmental risks, and identifying 20 best environmental practices.

Manage for Results Through Services, Policies, and Operations

Highlights

EPA's efforts to meet what has been called the "Federal human resources crisis" has led to the development of a human resources strategic plan entitled *Investing in Our People, EPA's Strategy for Human Capital*. The Agency is committed to improve recruitment of individuals with mission-critical scientific and technical skills; to enhance training and development of senior executives and managers; and to improve retention of a diverse and high performing workforce. Several components of EPA's human capital strategy are currently underway or in development and include the EPA Intern Program; the Mid-level Development Program; the Management Development Program; and the SES Candidate Development Program. In FY 2003, the EPA will link these efforts to the Agency's strategic goals through completion of a comprehensive workforce planning model. Combined, these efforts will provide a comprehensive and dynamic approach to identifying, managing and developing the skills and competencies of EPA's future workforce.

The Agency continues to strengthen pre-award and post-award management of assistance agreements, and continues its transition toward electronic execution of grants internally. In addition, EPA will increase the number of contracts that are performance-based and 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.

Agency management provides vision, leadership, and conducts policy oversight for all Agency programs. Sound management principles, practices, results-based planning and budgeting, fiscal accountability, quality customer service, rational policy guidance and careful stewardship of our resources are the foundation for everything EPA does to advance the protection of human health and the environment. The effectiveness of EPA's management will determine, in large measure, how successful we will be in pursuit of the other goals identified in the Agency's annual plan.

In FY 2003, EPA will build on its progress in linking resources to environmental results through goal-based fiscal resource management. The Agency will provide more useful cost accounting information for environmental decision making. EPA will make continued progress in assessing the environmental results of its program activities. Highlights of expected Agency FY 2003 achievements in effective management are:

- Expand Agency and State partner capacity to manage for results through support for the improvement of the quality and use of performance measures.
- Meet new Federal requirements for timely financial information and 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.
- Continue efforts to provide decision-makers with integrated cost and performance information to support results-based management and progress on environmental priorities. FY 2003 efforts will focus on:
 - < completing the implementation plan for a new payroll system that will reduce costs and burdens,
 - < making recommendations for replacing EPA's integrated financial management system,
 - < further developing desk-top access to key cost accounting and performance information.

The Office of Inspector General will conduct and supervise independent and objective audits, evaluations, and investigations relating to Agency management and program operations, and will provide advisory and assistance services. The OIG will also review and make recommendations regarding existing and proposed legislation and regulations impacting the Agency. In addition, program evaluations/audits and four other types of audits will be conducted: contract, assistance agreement, financial statement, and systems audits. Four types of investigations will be performed: program integrity, assistance agreement, contract and procurement, and employee integrity. The OIG Computer Crimes Unit will conduct investigations of computer intrusions, support the OIG and Agency personnel as a Penetration Testing Laboratory, and provide a Forensics Laboratory to assist with OIG 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.

In FY 2003, the OIG will also receive, analyze, and facilitate the resolution of citizen's complaints regarding Agency programs and activities, as part of the Ombudsman function. The Ombudsman performs the OIG Hotline function, and is responsible for the review of public complaints about Agency programs and activities.

The Agency's building operations and new construction budget ensures a healthy, safe and secure work environment for its employees and integrates energy conservation, green procurement, and state-of-the-art technology into its daily activities. In FY 2003, the Agency will expand its focus on improving EPA's infrastructure by implementing repair, improvement and energy conservation projects at several EPA facilities. These facilities provide the tools essential for researching

innovative solutions to current and future environmental problems and for enhancing our understanding of environmental risks.

In FY 2003 the Agency will also respond to an increased need to provide a secure working environment for all its employees. The EPA is undertaking a comprehensive security assessment of all EPA facilities nationwide, and will upgrade existing interior and exterior security features as necessary, and provide a more comprehensive and better-equipped security force.

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 FY2003, the Agency will develop Comprehensive School Environmental Health Guidelines. 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. Additionally, the Office of Children's Health Protection will launch a new initiative to improve the Agency's base of knowledge regarding the link between environmental exposure and senior citizens' health through an analysis of the issues, and in consultation with EPA Programs and the Department of Health and Human Services, will develop a draft action strategy, detailing research needs and other actions that are necessary to safeguard elders from adverse health effects from environmental threats.

External Factors

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 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.

Environmental Protection Agency

FY 2003 Annual Performance Plan and Congressional Justification

Effective Management

Objective: Provide Leadership

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

Resource Summary (Dollars in Thousands)

	FY 2001 Actuals	FY 2002 Enacted	FY 2003 Request	FY 2003 Req. v. FY 2002 Ena.
Provide Leadership	\$40,847.0	\$47,207.9	\$49,767.0	\$2,559.1
Environmental Program & Management	\$40,847.0	\$47,207.9	\$49,767.0	\$2,559.1
Total Workyears	283.2	306.8	311.4	4.6

Key Program (Dollars in Thousands)

	FY 2001 Enacted	FY 2002 Enacted	FY 2003 Request	FY 2003 Req. v. FY 2002 Ena.
Administrative Law	\$2,567.3	\$2,684.0	\$2,869.8	\$185.8
Administrative Services	\$298.3	\$0.0	\$0.0	\$0.0
Childrens Health, Program Development and Coordination	\$6,036.9	\$6,099.0	\$6,670.9	\$571.9
Civil Rights/Title VI Compliance	\$9,140.1	\$10,143.6	\$11,770.7	\$1,627.1
Environmental Appeals Boards	\$1,553.1	\$1,667.3	\$1,737.7	\$70.4
Executive Support	\$2,752.1	\$3,113.0	\$3,037.6	(\$75.4)
Facilities Infrastructure and Operations	\$2,494.4	\$5,226.9	\$4,492.7	(\$734.2)
Immediate Office of the Administrator	\$3,994.1	\$4,175.9	\$4,343.7	\$167.8
Intergovernmental Relations - OA	\$1,847.8	\$2,167.4	\$2,292.7	\$125.3
Legal Services	\$3,369.4	\$3,979.2	\$4,360.4	\$381.2
Management Services and Stewardship	\$0.0	\$405.1	\$430.6	\$25.5
Regional Management	\$6,780.3	\$7,546.5	\$7,760.2	\$213.7

FY 2003 Request

Americans are challenging their leaders to adopt tough but achievable goals for the environment, and to provide institutions and individuals with the tools and flexibility needed to achieve these goals in cost-effective ways. The Agency will provide the vision and leadership

needed to accomplish these objectives, and to enable the EPA to meet its commitments to protect public health and the environment in FY 2003.

In order to fulfill its mission fully and effectively, the Agency requires a strong internal support structure. This includes personnel, administrative, budget, planning, integrity, ethics, computer support, information management security, and financial management support. The Agency will assist its managers and supervisors in hiring a qualified and diverse staff in accordance with established affirmative action and human resource management programs and principles. This Agency must also provide the expertise, reports, financial analyses, program analyses, and related information that its managers need to make decisions, understand the resource implications of their management decisions; and to ensure that the Agency operates within its authorized funding levels. Automated data processing and information resource management support will also be provided to meet increasing information resource needs, as well as to develop and implement information management security policies needed to protect electronic data.

In FY 2003, policy direction and guidance will be provided within the Agency on equal employment opportunity, civil rights and diversity issues. The Agency will continue to work diligently to process all Title VII internal employment discrimination complaints. Appropriate training will be provided to Office of Civil Rights (OCR) staff to conduct Title VII counseling and investigations. EPA will continue to 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, women, and persons with disabilities in the Agency's workforce. Finally, the external compliance, including Title VI of the Civil Rights Act of 1964, will prohibit discrimination in programs and activities that receive financial assistance from EPA. OCR will also issue Title VI guidance on limited English proficiency and develop a Title VI compliance review program.

The Environmental Appeals Board will issue final Agency decisions in environmental adjudications on appeal to the Board. The right of affected persons to appeal these decisions within the Agency is conferred by various statutes, regulations and constitutional due process rights. These decisions are the end point in the Agency's administrative enforcement and permitting programs.

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 their use, in recent years, of alternative dispute resolution techniques to facilitate the settlement of cases and, thereby avoid more costly litigation.

In FY 2003, the Agency will strengthen 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, and 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, health care providers, and international organizations to incorporate children's environmental health into their programs and activities. Additionally, the Agency will launch a new initiative to improve the Agency's base of knowledge regarding the link between environmental exposure and senior citizens' health.

FY 2003 Change from FY 2002 Request

EPM

- (+\$1,107,800) This request reflects an increase to fully fund the Office of the Administrator's workforce costs, including increased workforce costs and workyears in the Office of Civil Rights that the Agency has experienced difficulties in filling in FY2002. It is anticipated that all positions will be filled in FY2003.
- (+\$571,900 and +3.0 FTE) This increase reflects additional support for the Office of Children's Health Protection to address children's issues and to launch a new initiative to improve the Agency's base of knowledge regarding the link between environmental exposure and senior citizens' health.

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. About 15 Federal cabinet departments, agencies and White House councils are members of the Task Force. EPA performs the staff work for the Task Force.

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 2003 Annual Performance Plan and Congressional Justification

Effective Management

Objective: 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 2001 Actuals	FY 2002 Enacted	FY 2003 Request	FY 2003 Req. v. FY 2002 Ena.
Manage for Results Through Services, Policies, and Operations.	\$178,771.0	\$186,431.5	\$201,462.0	\$15,030.5
Environmental Program & Management	\$149,156.6	\$152,852.9	\$164,663.0	\$11,810.1
Hazardous Substance Superfund	\$28,781.4	\$32,213.7	\$35,352.7	\$3,139.0
Leaking Underground Storage Tanks	\$699.3	\$1,143.4	\$1,194.4	\$51.0
Oil Spill Response	\$6.2	\$44.7	\$53.2	\$8.5
Science & Technology	\$127.5	\$176.8	\$198.7	\$21.9
Total Workyears	1,492.2	1,294.0	1,244.6	-49.4

Key Program (Dollars in Thousands)

	FY 2001 Enacted	FY 2002 Enacted	FY 2003 Request	FY 2003 Req. v. FY 2002 Ena.
Brownfields	\$0.0	\$0.0	\$231.1	\$231.1
Environmental Finance Center Grants (EFC)	\$1,249.0	\$2,000.0	\$2,000.0	\$0.0
Facilities Infrastructure and Operations	\$52,174.8	\$50,675.0	\$54,819.0	\$4,144.0
Legal Services	\$4,327.0	\$4,614.5	\$4,964.6	\$350.1
Management Services and Stewardship	\$62,643.5	\$60,875.1	\$67,328.8	\$6,453.7
Planning and Resource Management	\$47,567.1	\$56,295.3	\$62,791.1	\$6,495.8
Public Access	\$0.0	\$1,429.0	\$0.0	(\$1,429.0)
Regional Management	\$7,587.4	\$8,934.6	\$7,725.1	(\$1,209.5)
Regulatory Development	\$1,435.2	\$1,608.0	\$1,602.3	(\$5.7)

FY 2003 Request

In FY 2003, Agency activities to support results-based decision-making and sound financial stewardship include the following activities: Strategic Planning, Annual Planning and Budgeting, Financial Services, Financial Management, Analysis, and Accountability. Through these activities the Agency provides executive direction for the Agency's budget, financial, and resource management functions; develops and manages 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 coordinates 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 Agency efforts to provide the American public with innovative, market-based programs and services, EPA actively reviews programs as part of its Federal Activities Inventory Reform Act process.

A key component of this objective is the Agency's management of contracts and grants which are used to support its environmental mission. The Agency will ensure a high level of integrity and accountability in the management of grants and contracts to protect Federal funds from waste, fraud, and abuse so taxpayers receive the full benefit of the government's investment in environmental protection. The Agency will continue to strive toward better pre-award and post-award management of assistance agreements. The Agency will continue efforts to improve monitoring and oversight of grants, including continued emphasis on onsite reviews of selected grantees. In addition, in FY 2003, EPA will strengthen our relationship with our State environmental partners by utilizing the Integrated Grants Management System (IGMS) to electronically award 15% of all State grants. These efforts will enhance the management of our grants to support environmental projects and continuing environmental programs.

EPA's environmental information efforts require the Agency to ensure that it's keeping pace with the states in the areas of data collection, management and utilization. Consequently, in FY 2003, EPA will emphasize its new state data management grants, both from an information technology and a 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. Regions will implement Agency information resources management policies in areas such as data and technology standards, central data base services, and telecommunications. Regions will also operate Regional Centers for Environmental Information (RCEI) in both regional offices and laboratories. In addition, regional information technology organizations will provide support to local program offices in the areas of hardware requirements determination, software programming and applications, records management systems, data base services, LAN activities, intranet web design and desktop support.

Resources within this objective are aligned with four of the five initiatives outlined in the President's Management Reform Agenda: Strategic Management of Human Capital, Competitive Sourcing, Improved Financial Performance, and Budget and Performance Integration. The fifth initiative, E-Government, is discussed in Goal 7.

Strategic Management of Human Capital

The Government Accounting Office (GAO) has declared human capital a government-wide high-risk area and EPA has made it a priority by declaring it an Agency level weakness. In July 2001, after extensive review of EPA's human capital strategy, GAO recommended that EPA allocate sufficient resources and senior-level management attention to implement the initiatives outlined in its human capital strategy.

In FY 2003, the Agency will increase investment in its human capital efforts to ensure that EPA has the skills base and diverse workforce to accomplish its mission. Resources will be used to develop and implement a comprehensive workforce planning model. This is an essential management tool needed Agency-wide to link human capital planning to the Agency's resource and planning processes and mission. In addition, EPA will complete a comprehensive pay review. This review would focus on the impact of Federal pay systems on EPA-specific recruitment, retention, and skills mix issues. Other key efforts in FY 2003 include development of a streamlined internal policy manual, an interactive website, and establishment of an On-Line University. The On-Line University will enable the Agency to purchase approximately 2,000 course licenses to deliver on-line training to provide employees computer-based desktop training 24 hours a day, 7 days a week.

EPA's efforts in FY 2003 will build on work that began in June 1998, when the Agency initiated a Workforce Assessment Project (WAP) to identify the competencies needed to meet the agency's current and future missions. While the WAP's completion was an important first step in EPA's human capital planning efforts, it identified only general competencies for all EPA employees and did not determine the number of employees with the identified competencies needed either agency-wide, or in individual organizational or geographical units.

EPA is allocating significant resources to strengthen and maximize existing programs such as hiring at least 20 additional interns using the EPA intern program, development programs for all levels of employees, and a Senior Executive Service (SES) development program to ensure that at least 30 SES candidates are certified by Office of Personnel Management (OPM) for placement in vacant SES positions.

These efforts constitute key components in *Investing in Our People, EPA's Strategy for Human Capital 2001 through FY 2003* and represents EPA's commitment to addressing GAO's concerns over the potential loss of leadership continuity, institutional knowledge, and expertise in the SES ranks.

Competitive Sourcing

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 2003. The review will ensure EPA maintains an effective plan to competitively source activities which are identified as being commercial in nature, to determine whether they are more efficiently and effectively performed in-house or by the private sector.

In FY 2003, the Agency will increase the number of contracts that are performance-based, improve electronic commerce capabilities, and enhance the education of its contract workforce. The Procurement Executive Council (PEC) has established a Federal-wide goal in FY 2003 that 30 percent of contracts be performance-based. EPA intends to meet this goal by converting more program requirements to performance-based contracting, increasing training on how to use this type of contract, and providing outreach to the programmatic areas with percentage target.

In addition, the Agency will meet the President's initiative on electronic commerce by

- extending the use of electronic signatures;
- developing interfaces with all current Agency-wide systems involved in the buying and paying process;
- evaluating and working to eliminate paper-processing in the acquisition process;
- completing development and implementation of the Program Office Interface (POI), which will allow EPA program managers to electronically manage their contracts; and
- posting solicitations to the General Services Administration's (GSA) FEDBIZOPPS system as the single point of entry for vendors to government purchasing.

To meet the President's goal that 90 percent of all acquisition employees meet mandatory training requirements by 2005, the Agency will improve the qualifications and education of its contract workforce by providing appropriate training opportunities and establishing and enforcing mandatory training requirements.

Improved Financial Performance

In FY 2003, the Agency will develop innovative approaches to meet new Federal financial management challenges and continue to improve the delivery of core financial management customer services. EPA's financial management innovations are focused on providing Agency decision-makers with useful, reliable, and timely cost information associated with key results-based environmental information. By integrating cost and performance information, the Agency can further improve its capacity to manage for results and better support environmental priorities.

EPA will realize the benefits of integrated cost and performance information through its work to modernize and integrate its two major financial information systems: EPA's payroll and

central financial management systems. In addition, the replacement of these systems will support requirements to provide more frequent financial statement information to maintain Agency unqualified financial audit opinions, a key indicator of sound stewardship. EPA's investments to modernize mission-critical financial systems are designed to improve financial accountability, strengthen internal controls, increase data accessibility, reduce costs, simplify procedures, and strengthen information security. Specific actions in FY 2003 will make significant progress in modernizing key financial management systems, and are consistent with Agency information technology investment review processes. Actions include completion of the implementation plan for replacing EPA's legacy payroll system, and making recommendations for replacing EPA's integrated financial management system (IFMS). These recommendations will be based on the results of the preliminary analysis and evaluation of options.

The new core financial system will use a commercial off-the-shelf system, tested and certified by the federal Joint Financial Management Improvement Program, to improve financial accountability, ensure compliance with government accounting standards, and produce sound financial statements. Work to develop a new system includes financial operations analysis, and review of web-based, user friendly interfaces and decision support tools.

EPA is using commercial-off-the-shelf software to modernize and integrate its Agency-wide payroll system. The new system will automate several labor intensive payroll processes (timekeeping, labor distribution and redistribution); streamline payroll processing and accounting functions; meet evolving Federal requirements for cost accounting; re-engineer business processes; improve compliance with security and privacy requirements; and provide managers, supervisors and employees with ready access to data for analysis.

EPA is researching user-friendly reporting tools to provide desktop access to financial data in ways that can be tailored to individual programmatic needs. The tools will work with EPA's Financial Data Warehouse to allow Agency decision-makers to integrate cost and performance information from a range of Agency data systems into timely, accessible reports. The Agency will also continue development of systems to help EPA customers work efficiently and reduce administrative burden. For example, grantees will be paid through Treasury's Automated Standard for Application Payments (ASAP) system and EPA travelers will have a completely automated expense authorization and payment process from start to finish.

While the Agency is keeping pace with new technology, it is also developing policies and streamlining processes to improve services and strengthen resource stewardship. The Agency is working to gain higher efficiencies in financial services by shifting transaction activities to financial centers and revising financial policies to meet today's higher accounting standards and facilitate implementation of GPRA. EPA is also continuing its efforts to assure that Agency budgeting processes meet emerging priorities and satisfy Agency and Congressional requirements.

Budget and Performance Integration

The FY 2003 request includes resources for the Agency to develop new capacities to

improve the quality and use of performance measures. This work is part of EPA's overarching endeavor to develop results-based goals and evaluate the Agency's work in terms of its impact on human health and the environment. The Agency has integrated planning, budgeting, analysis, and accountability (PBAA) processes to support EPA's implementation of GPRA. In FY 2003, EPA plans to support program efforts to develop more outcome-based strategic and annual goals and measures, develop new sources of performance data, improve the quality and usability of existing data sources, and develop tools to set strategic priorities and track performance.

These objectives will be achieved through targeted efforts with EPA programs and state partners. This effort will support results-based management through a variety of potential approaches such as the following: addressing data gaps to develop more outcome oriented measures and goals, increasing state use of environmental data and performance information in environmental policy and management decisions, promoting integration of information on environmental conditions with other management systems used to make environmental policies and management decisions, supporting development of statistical models for linking program outputs and environmental improvements, and developing best practices and case studies based on current successful EPA or state environmental management efforts.

As part of these efforts, EPA will continue to 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. EPA will work to link annual plans to long-term goals and objectives of the Agency. Our continued work with state governments through the Environmental Council of the States (ECOS) and tribal governments, 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 semi-annual reports to Congress on audits, audit resolution activities, and support for audit coordinators throughout EPA. EPA will develop the Agency's consolidated Annual Report under GPRA in FY 2003. This report will be developed in context of comments made on the Agency's FY 2002 report by Agency customers, partners and stakeholders. The Annual Report provides the Congress and the public a comprehensive picture of its FY 2002 program and financial performance related to the achievement of annual performance goals and measures described in the Agency's revised final FY 2002 Annual Plan. This report also meets requirements for reporting on management integrity, audit management, and financial statements.

FY 2003 Change from FY 2002 Enacted

MULTI-APPROPRIATION

- (+\$3,200,000 EPM and +\$800,000 SF) With this increase in non-payroll resources, EPA will fulfill the FY 2003 phase of modernizing major Agency financial systems to provide decision-makers with integrated cost and performance information. FY 2003 efforts will focus on completing the Agency payroll implementation plan that will reduce costs and burdens, making recommendations for replacing EPA's integrated financial management system, and further developing desk-top access to key cost accounting and performance information.

EPM

- (+\$500,000) Reflects an increase in funding for the Agency's Human Capital Strategy to complete a comprehensive workforce planning model. Other initiatives include a pay review, an interactive web-site, and establishment of an On-Line University.
- (+\$900,000) This increase in non-payroll resources is to expand Agency and State partner targeted efforts to manage for results. The initiative will focus on tools, technical support, data and other resources for the improvement of the quality and use of performance measures.
- (+\$2,048,700) This reflects a national increase in the transit subsidy to accommodate the maximum monthly allocation increase to \$100, as well as an anticipated increase in transit subsidy subscribers (recipients) due to Headquarters consolidation.
- (-\$3,933,500) Resources, dollars and FTE, associated with rent are allocated in proportion to Agency-wide FTE located in each goal, objective. Resources, dollars and FTE, associated with utilities, security and human resource operations are allocated in proportion to Headquarters FTE located in each goal, objective. Changes reflect shifts in FTE between goals and objectives. Resources, dollars and FTE, associated with contracts and grants are allocated in proportion to Headquarters' contracts and grants resources located in each goal, objective. Changes in these activities reflect shifts in resources between goals and objectives. *(Total changes - rent: -\$3,569,400, utilities: +\$3,468,000, Security: -\$9,103,900. Nominal increases/decreases occurred in human resource operations, grants and contracts related activities.)*

Superfund

- (-\$1,836,800) Resources, dollars and FTE, associated with rent are allocated in proportion to Agency-wide FTE located in each goal, objective. Resources, dollars and FTE, associated with utilities, security and human resource operations are allocated in proportion to Headquarters FTE located in each goal, objective. Changes reflect shifts in FTE between goals and objectives. Resources, dollars and FTE, associated with contracts and grants are allocated in proportion to Headquarters' contracts and grants resources located in each goal,

objective. Changes in these activities reflect shifts in resources between goals and objectives. *(Total changes - rent: -\$3,569,400, utilities: +\$3,468,000, Security: -\$9,103,900. Nominal increases/decreases occurred in human resource operations, grants and contracts related activities.)*

Annual Performance Goals and Measures

Strengthen EPAs Management

In 2003 Strengthen EPA's management services in support of the Agency's mission while addressing the challenges included in the President's Management Agenda

Performance Measures:	FY 2001 Actual	FY 2002 Enacted	FY 2003 Request	
Number of Agency offices using the workforce planning model which identifies skills and competencies needed by the Agency for strategic recruitment, retention and developmental training.			5	Offices
Percentage of total eligible service contracting dollars obligated as performance based in FY2003.			30	Percent
Agency audited Financial Statements are timely, and receive an unqualified opinion.			one	Finan statement

Baseline: Based on FY 2002 performance, baselines are: Zero for number of Agency offices using the workforce planning model; 20% for performance-based contracts, and an unqualified opinion for financial statements.

Verification and Validation of Performance Measures

Performance Measure: Number of Agency offices using the workforce planning model which identifies skills and competencies needed by the Agency for strategic recruitment, retention and developmental training.

Performance Database: No database. Agency staff track manually.

Data Source: Agency staff.

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 obligated as performance based.

Performance Database: The Integrated Contracts Management System (ICMS), which has an

identifier to show which contracts are performance based and the dollars associated with it.

Data Source: Agency personnel inputs data into ICMS.

QA/QC Procedures: N/A

Data Quality Review: N/A

Data Limitations: N/A

New/Improved Data or Systems: ICMS was updated in order to track this performance measure

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) 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 of 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 Authorities

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

Comprehensive Environmental Response, Compensation and Liability Act

Brownfields Revitalization and Environmental Restoration Act

Environmental Protection Agency

FY 2003 Annual Performance Plan and Congressional Justification

Effective Management

Objective: 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 2001 Actuals	FY 2002 Enacted	FY 2003 Request	FY 2003 Req. v. FY 2002 Ena.
Provide Quality Work Environment.	\$177,971.0	\$169,367.3	\$156,141.5	(\$13,225.8)
ALLOCATION ACCT	\$24,988.5	\$0.0	\$0.0	\$0.0
Building and Facilities	\$28,275.5	\$25,318.0	\$42,918.0	\$17,600.0
Environmental Program & Management	\$80,410.7	\$96,535.6	\$80,105.9	(\$16,429.7)
Hazardous Substance Superfund	\$26,434.6	\$22,595.8	\$21,608.3	(\$987.5)
Leaking Underground Storage Tanks	\$237.5	\$1,013.9	\$1,018.4	\$4.5
Oil Spill Response	\$76.2	\$454.1	\$451.9	(\$2.2)
Rereg. & Exped. Proc. Rev Fund	\$1,890.0	\$0.0	\$0.0	\$0.0
Science & Technology	\$15,658.0	\$23,449.9	\$10,039.0	(\$13,410.9)
Total Workyears	17.7	24.3	15.4	-8.9

Key Program (Dollars in Thousands)

	FY 2001 Enacted	FY 2002 Enacted	FY 2003 Request	FY 2003 Req. v. FY 2002 Ena.
Administrative Services	\$612.4	\$0.0	\$0.0	\$0.0
Facilities Infrastructure and Operations	\$115,272.8	\$106,936.9	\$100,221.3	(\$6,715.6)
Homeland Security	\$0.0	\$30,040.0	\$19,000.0	(\$11,040.0)
Legal Services	\$124.9	\$140.2	\$150.6	\$10.4
Management Services and Stewardship	\$8,092.8	\$5,963.9	\$8,974.0	\$3,010.1
Regional Management	\$20,889.1	\$18,807.3	\$20,416.7	\$1,609.4
Regional Program Infrastructure	\$6,177.1	\$6,132.2	\$6,032.1	(\$100.1)
Superfund Remedial Actions	\$1,368.8	\$1,346.8	\$1,346.8	\$0.0

FY 2003 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 to research innovative solutions to current and future environmental problems and enhancing our understanding of environmental risks. In addition, EPA is well engaged in reducing energy use needed to operate these facilities. In FY 2003, the Agency will continue to improve operating efficiency and encourage the use of new and advanced technologies and energy savings performance contracts.

In FY 2003, to enhance EPA's program offices and to achieve their critical mission-related activities and to ensure quality and safe working environments for all Agency employees, the Agency intends to redirect resources for infrastructure, increased security and repair and improvement projects. EPA conducts its business in 146 facilities nationwide which have capital asset value that exceeds \$1 billion. In the past several years, the Agency has gradually moved from rented/leased facilities to government-owned facilities. As a result, the Agency has had to absorb greater operational and infrastructure maintenance costs which were formerly covered under rent agreements. EPA is currently spending 0.3 percent of the replacement value of its real estate assets on building repairs and improvements. The industry recommended level of 2 - 5 percent of the replacement value.

The FY 2003 budget for the Agency's building operations and new construction will support existing infrastructure requirements that ensure healthy, safe, and secure work environments that reflect the pollution prevention goals of EPA and help fulfill the scientific and functional program requirements. Two examples of scientific/technological projects and improvements to meet regulatory requirements and emerging national security needs are described below.

- The Agency facility in Athens, Georgia will obtain an ecological exposure greenhouse addition as well as a soil/atmospheric interaction laboratory which will enable the Office of Research and Development (ORD) to conduct various ecological exposure process research studies and to demonstrate cost-effective clean up procedures of various military and the Department of Energy (DOE) facilities and Superfund sites. This project will help the Federal government save money by avoiding excessive reliance on expensive field studies and by establishing greater efficiencies in remedial activities. ORD will use the interaction laboratory to conduct specialized research studies for use in multimedia model development and testing and chemical leaching assessment. This lab will increase the type and number of experiments that can be conducted at a lower expense than using alternate lease arrangements.
- At the new Consolidated Laboratory at Research Triangle Park (RTP), supplemental power for the Heavy-Duty Dynamometer Bay will enable its automobile engine emissions testing facility to simulate a full range of actual operating conditions. With this additional power, research and development teams will be able to satisfy new laws that require testing of four wheel drive vehicles. Also at RTP, we plan to provide two additional clean-animal rooms.

With growing environmental concerns about genetic engineering technology, transgenic animals have rapidly become important subjects for identifying sub-populations that are genetically susceptible to environmental toxicity. This project will greatly enhance the lab's ability to use this powerful new research technology as a way to improve the Agency's risk-assessment process.

- In the wake of attacks upon the Pentagon and World Trade Center, the President identified the security of Federal facilities and personnel as a national priority. A total of \$19 million is requested to complete comprehensive security assessments of all EPA offices, laboratories and other support facilities begun in FY 2002, and to continue the enhancement of security measures. Examples of improvements include additional guards, blast resistant glass, exterior barriers, locks, motorized gates, cameras, and other monitoring equipment. Enhanced security measures will remain an important component of the Agency's facility management strategy in the years ahead.

Resources in this objective will also be used to comply with Executive Orders (EO)13149, *Greening the Government through Federal Fleet and Transportation Efficiency* and EO 13123, *Greening the Government through Efficient Energy Management*.

EO13149 requires that by FY 2005, petroleum use be 20 percent lower than that in 1999. EPA will direct resources towards acquiring alternative fuel vehicles and more fuel-efficient passenger cars and light trucks. EO 13123 requires a 20 percent reduction of energy consumption (per square foot or per unit production) in laboratory facilities by FY 2005. The Agency will attain this goal through several initiatives including comprehensive facility energy audits, sustainable building design in Agency construction and alteration projects, energy savings performance contracts to achieve energy efficiencies, the use of off-grid energy equipment, energy load reduction strategies, and the use of Energy Star products and buildings.

In addition, in FY 2003, funds will be used to promote EPA's "Laboratories for the 21st Century" program which encourages energy conservation and pollution prevention at labs in partnership with industry and state and local governments. The Agency will continue to sponsor an annual conference with the Department of Energy (DOE) which provides an international forum for private and public sector laboratory designers, engineers, owners, and operators to discuss and learn about new ways of achieving low-energy use and high-performance laboratories. Over 400 attendees are expected for the FY 2003 conference with DOE. Innovative energy efficiency results are expected to be showcased at several EPA labs, such as Kansas City, Kansas and Ada, Oklahoma.

FY 2003 Change from FY 2002 Enacted

MULTI-APPROPRIATION

- (-\$2,923,500 EPM, -\$250,300 SF, -\$8,867,000 S&T, and -\$3,900,000 B&F) Reflects the ramping down of the New Headquarters Project as we complete consolidation, and of the new Research Triangle Park, NC complex as it is completed. Resources are being redirected to fund core Agency requirements (utilities, security, repairs and improvements, and energy efficiency initiatives).
- (-\$18,000,000 EPM, -\$4,540,000 S&T, and +\$11,500,000 B&F) The FY 2003 request, combined with resources provided in the FY 2002 supplemental, provide necessary funding to complete the nation-wide security assessment of all EPA facilities, and for security improvements, where necessary, as begun in FY 2002. Examples of security enhancements include increased guard services, and interior and exterior countermeasures (e.g. identification badging systems, blast-resistant windows, barriers, gates and locks), at EPA facilities.
- (+2,629,900) Reflects a redirection of resources for Energy Efficiency projects for the Agency's facilities, in fulfillment of Executive Order 13123, *Greening the Government through Efficient Energy Management*. The EPA is a government leader for energy-saving innovations and initiatives for offices, laboratories and other facilities.

B&F

- (+\$10,000,000) Reflects a redirection of resources for infrastructure and Repair and Improvement projects.

Annual Performance Goals and Measures

Energy Consumption Reduction

In 2003 By 2003, EPA will achieve a 15% energy consumption reduction at its 21 laboratories.

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

In 2001 In FY 2001 the Agency completed projects which will significantly reduce energy consumption at five EPA-owned laboratories.

Performance Measures:	FY 2001 Actual	FY 2002 Enacted	FY 2003 Request	
Number of energy saving projects at EPA owned facilities.	5	5		Projects
Cumulative percentage reduction in energy consumption (from 1990).			15	Percent

Baseline: In FY 2000, energy consumption of British Thermal Units (BTUs) per square foot is 320,000 BTUs per square foot.

Verification and Validation of Performance Measures

None.

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)

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

Comprehensive Environmental Response, Compensation and Liability Act

Environmental Protection Agency

FY 2003 Annual Performance Plan and Congressional Justification

Effective Management

Objective: Provide Audit, Evaluation, 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 2001 Actuals	FY 2002 Enacted	FY 2003 Request	FY 2003 Req. v. FY 2002 Ena.
Provide Audit, Evaluation, and Investigative Products and Services	\$48,022.9	\$51,961.4	\$53,592.7	\$1,631.3
Environmental Program & Management	\$7,039.8	\$5,989.8	\$4,290.0	(\$1,699.8)
Hazardous Substance Superfund	\$197.3	\$11,952.6	\$13,977.7	\$2,025.1
Inspector General	\$40,785.8	\$34,019.0	\$35,325.0	\$1,306.0
Total Workyears	336.1	374.1	372.3	-1.8

Key Program (Dollars in Thousands)

	FY 2001 Enacted	FY 2002 Enacted	FY 2003 Request	FY 2003 Req. v. FY 2002 Ena.
Administrative Services	\$76.0	\$0.0	\$0.0	\$0.0
Assistance Agreement Audits	\$3,487.6	\$2,000.0	\$0.0	(\$2,000.0)
Assistance Agreement Investigations	\$793.6	\$2,900.0	\$0.0	(\$2,900.0)
Contract Audits	\$5,025.4	\$5,200.0	\$0.0	(\$5,200.0)
Contract and Procurement Investigations	\$510.1	\$3,100.0	\$0.0	(\$3,100.0)
Employee Integrity Investigations	\$325.8	\$1,000.0	\$0.0	(\$1,000.0)
Facilities Infrastructure and Operations	\$7,033.4	\$5,673.2	\$5,243.6	(\$429.6)
Financial Statement Audits	\$4,000.0	\$4,000.0	\$0.0	(\$4,000.0)
Investigations	\$0.0	\$0.0	\$9,469.6	\$9,469.6
Management Services and Stewardship	\$418.4	\$402.2	\$282.1	(\$120.1)
Planning, Analysis, and Results - IG	\$9,463.3	\$6,286.0	\$0.0	(\$6,286.0)
Program Audits	\$6,179.0	\$4,900.0	\$0.0	(\$4,900.0)
Program Evaluation - IG	\$15,308.9	\$15,000.0	\$0.0	(\$15,000.0)
Program Evaluations/Audit	\$0.0	\$0.0	\$38,597.4	\$38,597.4
Program Integrity Investigations	\$400.0	\$1,500.0	\$0.0	(\$1,500.0)

FY 2003 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 2003, the OIG will continue its new directions of:

- *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 Government Performance and Results Act (GPRA) goals;
- *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
- *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 during FY 2003 on the following areas:

Air - The OIG's approach to assessing EPA's achievement of its clean air goal will center on evaluating major opportunities for cost-effective pollution reduction. The OIG will focus on the quality of emission data, the effectiveness of emission allowance trading, and the adequacy of air monitoring networks.

Water -The OIG's work will center on the Agency's watershed approach with emphasis on national effluent guideline limitations and standards, water quality monitoring information, 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 concentrate on determining the extent of contaminated waste sites remaining to be cleaned up, the environmental risks these sites pose, and whether cleanup decisions are scientifically sound and cost-effective. 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, determine the effectiveness of scientific data in influencing program management decisions, and evaluate Agency efforts to pursue environmental protection innovations. The OIG will also continue to investigate criminal activity in laboratory work.

Computer Security - In accordance with the Government Information Security Reform Act, the OIG will continue to evaluate major aspects of EPA's computer security program and practices. The OIG plans to: (1) monitor computer security weaknesses previously identified by our office and the GAO; (2) identify new and emerging vulnerabilities to network 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 results-based management. Specifically, the OIG will evaluate the Agency's efforts to implement a systematic, customer-oriented, automated managerial cost accounting system that will provide program managers with relevant and reliable information relating costs to activities, outputs, and outcomes, and also assess the ability of Regions, States, and Tribes to effectively access the system.

The OIG will continue to build capacity for performing program evaluations. The primary emphasis of those evaluations will be to determine whether EPA has designed the programs, projects, and tasks within the goals, objectives, and subobjectives reported to Congress under GPRA to achieve the desired results and impacts in the most efficient and cost-effective manner. Staffed with a mix of program analysts, scientists, auditors, economists, and others, program evaluations will assist the Agency in identifying what works and at what cost. Evaluation efforts in FY will concentrate on:

- assessing the Agency's methodology for determining the relative adverse effects of loadings and air deposition on surface waters, and evaluating the effectiveness of EPA's national effluent guideline limitations and standards to determine whether they are appropriate for reducing industrial discharge of pollutants;
- evaluating the cost and effectiveness of emission allowance trading in terms of environmental justice; examining the relationship of pollutants to environmental measures; assessing the adequacy of air monitoring networks, the validity and reliability of emission data, and the adequacy of EPA's human health and ecological impact measures;
- assessing the use of sound science and innovative technologies in Superfund cleanups, and determining the appropriateness of Superfund remedy selections;

- evaluating the impact of EPA activities on community relations. Planned program audits will focus increased attention on contract administration, including the effective use of contracting vehicles introduced in recent years.

The OIG Computer Crimes Unit (CCU) will conduct investigations of computer intrusions, support the OIG and Agency personnel as a Penetration Testing Laboratory, and provide a Forensics Laboratory to assist with OIG investigations. The CCU will continue to be an active participant in the law enforcement computer crimes community, working collaboratively on joint projects. The Intrusion Unit of the CCU will develop guidelines for computer incident response and serve as a clearinghouse for all computer incident reports. The Intrusion Unit will also work collaboratively with the Agency to develop an Agency-wide training program for information security professionals regarding response to computer intrusion incidents. The Forensics Unit of the CCU will conduct forensic examinations in support of OIG investigations. As the Agency continues to move toward a paperless environment, the need for these examinations is expected to grow significantly.

The Ombudsman conducts the OIG Hotline function and is responsible for the review of public complaints about Agency programs and activities. The Ombudsman receives complaints about fraud, waste, and mismanagement in Agency programs and activities; screens and recommends priority complaints for further review by OIG or Agency offices; oversees case reviews, findings, and recommendations, and reports on the results of these cases.

The OIG product line includes:

Audits

- *Contract Audits* - determine the allowability, allocability, and reasonableness of costs claimed by contractors.
- *Assistance Agreement Audits* - financial audits of EPA's State Revolving Fund programs, Performance Partnership Grants, interagency agreements, and cooperative agreements.
- *Financial Statement Audits* - 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.
- *Systems Audits* - review the economy, efficiency and effectiveness of operations by examining the Agency's support systems for achieving environmental goals, including its information systems and systems for setting priorities, developing plans to accomplish them, and measuring performance.

Program Evaluations/Audits

Program Evaluations/Audits use sophisticated analytical tools, methodologies and specialized skills to determine the extent to which the desired results and benefits envisioned by the Administration and Congress are being achieved:

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

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.

Investigations

- *Program Integrity Investigations* focus on activities that could undermine the integrity of Agency programs, and erode public confidence in the Agency.
- *Assistance Agreement Investigations* focus on criminal activities related to Agency grants, State Revolving Funds, Interagency Agreements, and Cooperative Agreements.
- *Contract and Procurement Investigations* focus on acquisition management, contracts, and procurement practices.
- *Employee Integrity Investigations* involve allegations against EPA employees that could threaten the credibility of the Agency.

Investigations of computer crime 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. These investigations may be part of any of the above investigative categories.

The OIG's initiative to uncover criminal activity in laboratories involves investigating indicators of laboratory fraud within the environmental community to include commercial and EPA laboratories. The Agency relies upon laboratory test results to assess environmental threats and determine what actions are necessary to control hazardous wastes, toxins, and other contaminated substances that pollute our air, water, and land. These investigations generally are part of contract and procurement investigations or program integrity investigations.

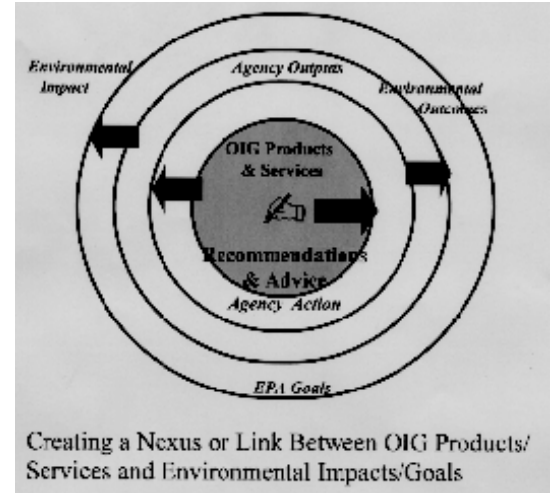
Advisory and Assistance Services

Advisory and Assistance Services include a wide range of products and services designed to

give managers information they need more expediently than audits or evaluations, and to assist EPA management in assessing and/or implementing control systems and processes.

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 and 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.



Linkage of OIG Products and Services to Improve EPA Business Practices and Impacts		
<i>Audit, Evaluation, Advisory, Investigative Products and Services</i>	<i>Agency Intermediate Outcomes (Catalysts)</i>	<i>Agency Goals/Outcomes and Impacts</i>
Questioned Costs/Savings Recommendations/Opinions Advice/Analysis/Projects Indictment/Convictions Civil/Administrative Actions Fines/Restitutions Reports/Briefings Evaluation Conclusions	Legislative Change Regulatory Change Policy Change Practice Change Enforcement Actions Industry, Grantee or State Monitoring Costs Recovered, Offset, Saved or Avoided	Improved Efficiencies Improved Effectiveness Improved Controls Increased Compliance Improved Reporting Risk Reduction Improved Environmental and Human Health Results/Indicators
Examples below are prospective EPA outputs and outcomes potentially resulting from Agency acceptance of our products and services. Environmental impacts and management improvements are logical extensions of actions taken on audit, evaluation, investigation, advisory products and services.		
Water and Air Quality	Safe Food and Waste Management	Assistant Agreements and Financial Management; Enforcement & Compliance; Sound Science and Data Quality
Increased number of watersheds restored Percentage of population with clean water Number of states with approved standards consistent with the Clean Water Act Quality of stewardship strategies Percentage of people with healthy indoor air Number of states with good air quality	Quality of enforcement actions for timely site resolution Number of construction remedies to control risks to human health Number of sites cleaned up Number and quality of pesticides tolerance assessments and reregistrations Percentage of people with safe food	Percentage of people with better treatment of and access to clean water Financial information, reliable and useful for decision making Better enforcement actions for compliance and reduction of actual risk Integrity of data used for management, policy and enforcement actions

FY 2003 Change from FY 2002

EPM

- (+\$98,000) This increase reflects the transfer of the Ombudsman function non-payroll resources.
- (-\$1,590,400) Resources, dollars and FTE, associated with rent are allocated in proportion to Agency-wide FTE located in each goal, objective. Resources, dollars and FTE, associated with utilities, security and human resource operations are allocated in proportion to Headquarters FTE located in each goal, objective. Changes reflect shifts in FTE between goals and objectives. Resources, dollars and FTE, associated with contracts and grants are allocated in proportion to Headquarters' contracts and grants resources located in each goal, objective. Changes in these activities reflect shifts in resources between goals and

objectives. (Total changes - rent: -\$3,569,400, utilities: +\$3,468,000, Security: - \$9,103,900. Nominal increases/decreases occurred in human resource operations, grants and contracts related activities.)

Superfund

- (+\$294,000) This increase reflects the transfer of the Ombudsman function non-payroll resources.

Annual Performance Goals and Measures

Fraud Detection and Deterrence

- In 2003 Improve Agency management and program operations by identifying savings, recoveries , and fines equaling 150 percent of the investment in the OIG, and by preventing fraud and reducing the risk of loss through 50 criminal, civil, or administrative actions.
- 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 We met our goal to increase our effectiveness in detecting & deterring fraud & other improprieties that undermine the integrity of Agency programs/resources. Investigations resulted in 120 judicial, administrative & other actions taken to enforce laws & reduce/avoid risk & \$5.3 millions in savings.

Performance Measures:	FY 2001 Actual	FY 2002 Enacted	FY 2003 Request	
Number of judicial, administrative, or other actions taken.		50	50	Actions
Return on the annual dollar investment in the OIG		100	150	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.

Audit and Advisory Services

- In 2003 Improve environmental quality and human health by recommending 75 improvements across Agency environmental goals, identifying and recommending solutions to reduce 20 of the highest environmental risks, and identifying 20 best environmental practices.
- 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 The OIG exceeded its annual performance goals of providing timely, independent auditing and consulting services responsive to the needs of our customers that provide value to the agency and recommendations to improve program and operational performance and integrity.

Performance Measures:	FY 2001 Actual	FY 2002 Enacted	FY 2003 Request	
Number of environmental improvements made, reductions in environmental risks.		65	95	Improvements
Number of best environmental practices identified		15	20	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 recommendations for environmental improvements made, reductions in environmental risks and best environmental practices.

Performance Database: The OIG Performance Results and Measurement System is used to capture and aggregate information on the actual and prospective results of OIG products and services. The database identifies an array of measures in logic model format linking immediate outputs with longer term intermediate outcomes and results supporting the Office of Inspector General's (OIG) strategic goals. Because intermediate and long-term results do not come to fruition for several years, only verifiable results are reported in the year completed, while others remain prospective until completed and verified. Database measures include numbers of 1) recommendations for environmental improvement; 2) legislative and regulatory changes; 3) policy, directive, or process changes; 4) environmental risks identified, reduced or eliminated; 5) best practices identified and transferred; and 6) examples of environmental improvement.

Data Source: Designated OIG staff are responsible for entering data into the system. Data are from OIG independent follow-up, research, and certifications of actions taken by EPA officials. OIG also collects independent data from EPA's partners and through its own performance evaluations, audits, and research to determine the extent of environmental improvements, risks reduced or avoided, and best practices transferred.

QA/QC Procedures: All performance data submitted to the database require at least one verifiable source ensuring data accuracy and reliability. Data quality assurance and control are automatically performed as an extension of OIG products and services, subject to rigorous compliance with the Government Auditing Standards of the Comptroller General, and regularly reviewed by OIG management, an independent OIG Management Assessment Review Team, and external independent peer reviewers. The statutory mission of the OIG, is to conduct independent audits, evaluations, and investigations to promote, among other things, integrity in Agency operations and reporting systems.

Data Quality Reviews: There have not been any previous audit findings or reports by external groups on data or database weaknesses in the OIG Performance Results and Accountability System.

Data Limitations: All OIG staff are responsible for data accuracy in their products and services. However, there is the possibility of incomplete, miscoded, or missing data in the system due to human error. Data supporting achievement of results are often from indirect or external sources, with their own methods or standards for data verification/validation.

New/Improved Data or Systems: The OIG developed the Performance Results and Accountability System as a prototype in FY 2001 and anticipates enhancing it in FY 2003 with more sophisticated software designed to improve data collection, retention, and analysis. This system is a best practice in government for linking an array of measures from outputs to eventual results and impacts. With enhanced linkages to customer satisfaction results and resource investments, it will provide a full,

balanced scorecard with return on investment information for accountability and decision-making.

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 is also a member of the Environmental Consortium. The Consortium, which seeks effective solutions to cross-cutting environmental issues, currently includes representatives from 19 executive agencies and GAO. The OIG Computer Crimes Unit coordinates activities with other law enforcement organizations with computer crimes units such as the Federal Bureau of Investigation, the Secret Service, and the Department of Justice. In addition, the OIG participates with various inter-governmental audit forums, professional associations, and other cross-governmental forums to exchange information, share best practices and directly 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