

Environmental Protection Agency

FY 2001 Annual Performance Plan and Congressional Justification Effective Management

Strategic Goal: EPA will establish a management infrastructure that will set and implement the highest quality standards for effective internal management and fiscal responsibility.

Resource Summary (Dollars in Thousands)

		FY 1999 Enacted	FY 2000 Enacted	FY 2001 Request	FY 2001 Req. v. FY 2000 Ena.
Goal 10	Effective Management	\$626,625.4	\$447,231.0	\$464,598.9	\$17,367.9
Obj. 01	Executive Leadership	\$30,384.7	\$33,547.1	\$37,066.7	\$3,519.6
Obj. 02	Management Services, Administrative, and Stewardship	\$197,641.9	\$198,776.4	\$220,125.2	\$21,348.8
Obj. 03	Building Operations, Utilities and New Construction	\$358,709.5	\$171,375.0	\$161,518.1	(\$9,856.9)
Obj. 04	Provide Audit and Investigative Products and Services	\$39,889.3	\$43,532.5	\$45,888.9	\$2,356.4
	Total Workyears	2,575.0	2,228.4	2,256.2	27.8

Background and Context

Efforts 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 entire Agency workforce; and
- Independent evaluation of Agency programs.

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. As environmental protection prepares to enter the next millennium, 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 industry and other community partners. Public pressure continues to grow for EPA and other

agencies to accomplish their missions in the most efficient and cost-effective means possible. The performance of this Goal is designed to deliver their services which enable EPA program offices to reach their environmental protection goals in an efficient and cost-effective manner.

Means and Strategy

The Agency will continue to provide vision and leadership as well as direction and policy oversight for all its programs and partnerships. In doing so, EPA's strategy will focus on:

- Recognizing the special vulnerability of children to environmental risks and facilitating the intensified commitment to protect children's health;
- Preparing EPA for future challenges by building the skills of its workforce and fostering diversity;
- Building and managing safe and healthy workplaces;
- Ensuring a high level of integrity and accountability in the management of grants and contracts;
- Encouraging testing and adopting innovative tools and technologies to achieve better protection of human health and the environment at less cost;
- Changing the way we do business by working collaboratively with stakeholders, cutting red tape and finding ways to work smarter and more efficiently, and managing for better results; and,
- Performing independent evaluations of Agency programs

The Agency will continue its commitment to protect children's health by targeting resources towards its many diverse children's activities, including working to assure that EPA's health-based standards consider risks to children and to continue to develop sound scientific methods for addressing risks to children from exposure to environmental pollutants. 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.

To achieve effective management of and accountability for EPA's fiscal resources, the Agency will improve capabilities to make cost-effective investments for environmental results. EPA will build on the success of its integrated planning, budgeting, analysis and accountability program while continuing to enhance its ability to provide the highest quality fiscal resources management. EPA collaborates extensively with partners and stakeholders to forge the partnerships required for shared approaches to meeting the challenges of the Government

Performance and Results Act (GPRA). EPA consults with internal customers on fiscal management services to meet their needs for timeliness, efficiency and quality.

The Agency will continue to invest in human resources to ensure that it has the scientific and technology skills needed for the future, and that the workforce 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.

The Agency will provide a quality work environment which places high value on employee safety and security 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. Plans for building operations and new construction support existing infrastructure requirements that ensure healthy, safe and secure work environments and reflect pollution prevention values of EPA, in addition to fulfilling 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.

In the contracts area, Agency efforts 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, not process. 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 processes through fast-track system enhancements and automation efforts.

Audit, investigative, and advisory services contribute to effective management by facilitating the accomplishment of the Agency's mission. Specifically, audits and advisory services lead to improved economy, efficiency, and effectiveness in EPA business practices and assist in the attainment of environmental goals. Investigations detect and deter fraud and other improprieties which undermine the integrity of EPA programs and resources.

Strategic Objectives and FY 2001 Annual Performance Goals

Objective 01: Executive Leadership

- Evaluate the effectiveness of the economic guidance issued in 2000, "A Practical Guide to Valuing Children's Health Effects."

Objective 02: Management Services, Administrative, and Stewardship

- 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 2002 Annual Performance Plan.
- EPA's fiscal management, processes, operation, and systems reflect sound financial management principles.

Objective 03: Building Operations, Utilities and New Construction

- EPA will install 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

- 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.

Highlights

Agency management provides vision and leadership, and conducts policy oversight for all Agency programs. 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. 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.

In keeping with our commitment to protect children's health, the Agency will direct resources toward the programs that will protect children from a range of environmental hazards. In 2001, the Agency will focus on reducing asthma through reduction and avoidance of key asthma triggers, including environmental tobacco smoke, prevalent indoor allergens and ambient air

pollution. Childhood lead poisoning is increasingly a problem that is occurring in isolated pockets, such as low income minority neighborhoods, areas of older housing. Inspection and enforcement can be targeted to address these areas with the most vulnerable children. EPA will focus inspection and enforcement efforts in these targeted communities since, outside of federally-assisted and federally-owned housing, there is no mandate for hazard evaluation and control in approximately 3 million low-income units built before 1946. Disclosure should provide an incentive for action; enforcement and compliance assistance is needed to ensure that the disclosure program works to inform the residents of potential hazards in these units. EPA will ensure that its standards address the heightened risks faced by children and that all covered regulations being revised or developed in EPA address children's environmental health issues.

The Agency expects to achieve cost effective investment in environmental protection and public health through responsible management, increased analysis and accountability, and high quality customer service. In 2001, EPA will build on its progress in linking resources to environmental results through goals-based fiscal resources management. The Agency will provide more useful cost accounting information that will better inform environmental decision making. EPA will make continued progress in evaluating the environmental results of its program activities. Highlights of expected Agency 2001 achievements in effective management are:

- The Agency will continue to improve the accountability process that provides timely performance information used in strategic and annual planning and budget formulation.
- EPA will maintain a clean audit opinion of the Agency's financial statements that demonstrates the highest caliber resource stewardship and gives credibility and reliability to the Agency financial information.
- EPA will substantially complete the implementation of a new payroll system that will reduce processing costs and burdens through use of efficient technology.
- EPA will begin implementation of 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 databases and administrative systems.

The Agency will continue to strengthen pre-award and post-award management of assistance agreements. For example, by 2001, in addition to planning to eliminate the close-out backlog of non-construction grant ending before September 30, 2000, EPA will eliminate the entire close-out backlog for interagency agreements that ended before September 30, 1997. In addition, in 2001, the Agency will continue to improve efficiencies in the contract process, while saving taxpayers dollars, through use of performance-based contracts and reduced use of cost reimbursable contracts. All new 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 process through fast-track system enhancements and automation efforts.

In 2001, the Agency will continue its workforce development strategy. The purpose of this initiative is to attract, recruit, develop and deploy EPA's employees to address the critical

environmental issues of the 21st century. This initiative will implement a support staff development pilot to improve the professionalism and performance of our clerical workforce; will identify and develop career tracks for employees skills and tools requirements needed to fully develop in their chosen occupation; and will develop leadership skills in employees throughout the organization while improving the managerial competencies of our line managers. A significant component of the initiative is the EPA Intern Program which is designed to hire diverse, high performing individuals who will become part of the Agency's future leadership.

The Agency's building operations and new construction budget ensures a healthy, safe and secure work environment for its employees, and integrates pollution prevention and state-of-the-art technology into its daily activities. The Agency will complete construction of the new consolidated research lab at Research Triangle Park in North Carolina. New construction and renovation activities will continue at the New Headquarters project. EPA will also address critical repairs in EPA facilities related to employee health and safety. These facilities provide the tools essential for researching innovative solutions to current and future environmental problems and enhancing our understanding of environmental risks. The Agency will also implement a Laboratories for the 21st Century "Labs 21" initiative, which will include a demonstration fuel cell project at EPA's Ft. Meade laboratory. This is an initiative in accordance with the Executive Order issued on June 3, 1999, that set energy and pollution targets for all federal facilities, including laboratories.

The Office of Inspector General (OIG) will conduct and supervise independent and objective audits and investigations relating to Agency programs and operations. The OIG will also review and make recommendations regarding existing and proposed legislation and regulations. The Office of Audit will conduct four types of audits: program, financial statement, assistance agreement, and contract audits. The Office of Investigations will perform four types of investigations: program integrity, assistance agreement, contract and procurement, and employee integrity investigations. In addition, the OIG will provide advisory/consulting services and program evaluations. Combined, these activities promote economy, efficiency, and effectiveness within the Agency, and prevent and detect fraud, waste, and abuse. 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.

External Factors

OCFO would be affected by new legislation that would impose major new requirements necessitating a shift in existing priorities, absent any commensurate increase in resources, in areas such as strategic planning, performance measurement, and/or resource and financial management.

OCFO and OARM would be impacted by new administrative requirements in areas such as accounting standards and reporting from central offices such as OMB or Department of Treasury or other central offices that would impose new requirements for Agency financial and other systems.

OCFO would be impacted by limited availability of baseline environmental data required to measure results and make decisions relating resources to results.

The ability of the Office of Investigations, 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.

Environmental Protection Agency

FY 2001 Annual Performance Plan and Congressional Justification

Effective Management

Objective # 1: Executive Leadership

The Office of the Administrator and Deputy Administrator will provide vision and leadership (within the Agency, nationally, and internationally) as well as executive direction and policy oversight for all Agency programs.

Resource Summary (Dollars in Thousands)

	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Request	FY 2001 Req. v. FY 2000 Ena.
Executive Leadership	\$30,384.7	\$33,547.1	\$37,066.7	\$3,519.6
Environmental Program & Management	\$30,229.5	\$33,382.7	\$36,918.2	\$3,535.5
Hazardous Substance Superfund	\$155.2	\$164.4	\$148.5	(\$15.9)
Total Workyears	268.8	274.9	282.4	7.5

Key Programs
(Dollars in Thousands)

	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Request
EMPACT	\$81.3	\$563.6	\$526.1
Civil Rights/Title VI Compliance	\$1,637.1	\$1,331.7	\$1,404.5
Immediate Office of the Administrator	\$2,791.3	\$3,729.8	\$3,008.2
Administrative Law	\$2,324.3	\$2,470.3	\$2,465.0
Environmental Appeals Boards	\$1,660.3	\$1,880.8	\$1,865.2
Rent, Utilities and Security	\$0.0	\$2,624.4	\$2,941.6
Administrative Services	\$67.2	\$315.1	\$287.9
Regional Management	\$0.0	\$29.2	\$30.6

FY 2001 Request

To meet the challenges of the 21st century, Americans are calling for a new generation of environmental protection -- one that is based on common sense and partnership. 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 the 21st century.

In 2001, the Agency will continue to honor its obligations to protect children from environmental hazards by targeting resources towards the Agency's many diverse children's activities. While addressing children's environmental health issues in all areas, the Agency will target its emphasis on asthma and lead. Major activities related to asthma in children will reduce the frequency and severity of asthma attacks by focusing on prevention and management of asthma among at-risk children through reduction and avoidance of key asthma triggers, including environmental tobacco smoke, prevalent indoor allergens (e.g., cockroaches, dust mites, molds), and ambient air pollution (e.g., particles and ozone). Major activities related to lead will support inspection to ensure compliance with the lead-based paint rules addressing disclosure, pre-renovation, training and certification, and lead debris. When violations are found during inspections, EPA will need to follow up with case development and enforcement actions. As a national policy, EPA will ensure that its standards address the heightened risks faced by children. All covered regulations being revised or developed in EPA will address children's environmental

health issues. In 2001, an independent evaluation will be conducted of the effectiveness of the Agency's economic guidance entitled "A Practical Guide to Valuing Children's Health Effects". The Office of Children's Health Protection expects to issue the guide in FY 2000.

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, the external compliance program, including Title VI of the Civil Rights Act of 1964, will be administered since it requires nondiscrimination in programs and activities receiving 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 over and issue decisions in cases initiated by administrative complaints filed under EPA's enforcement program. The ALJs provide hearings to those accused of environmental violations under various environmental statutes. In addition, the ALJs have increased use, in recent years, of alternative dispute resolution techniques in facilitating the settlement of cases and, thereby, avoiding more costly litigation.

FY 2001 Change from FY 2000 Enacted

EPM

- (+\$1,000,000, +7.0 FTE) Reflects management resources shifted from the old Office of Policy to the Office of the Administrator as a result of a reorganization, as well as increased workforce costs.
- (-\$76,000, -1.0 FTE) Reflects resources provided to OARM to support some administrative functions and responsibilities for which OARM has management authority.
- (-\$150,000, -2.0 FTE) Reflects decreased emphasis in regional activities under this objective.

Annual Performance Goals and Performance Measures

Children's Health Effect of Asthma and Lead

- In 2001 Evaluate the effectiveness of the economic guidance issued in 2000, "A Practical Guide to Valuing Children's Health Effects."
- In 2000 Evaluate health outcomes related to environmental health effects for asthma and lead addressed in 11 Pilot Child Health Champion Communities.
- In 1999 EPA's FACA identified more than 5 standards in FY99 to be evaluated. EPA planned to complete the selection of the standards to be evaluated in FY 1999 and that the program offices would do the review when the evaluation was complete. These evaluations are in various stages of completion now.

Performance Measures:	FY 1999 Actuals	FY 2000 Estimate	FY 2001 Request	
Re-evaluate standards to ensure they consider children's special health needs	0			standards
Issue report on health outcomes		1		report
evaluate an independent report on guidance			1	report
Baseline:	A contractor will be hired in FY 2001 to evaluate and report back to EPA on the effectiveness of guidance issued in FY 2000. The report will be completed and provided to EPA in FY 2001.			

Verification and Validation of Performance Measures

Performance Measure: Evaluate the effectiveness of the economic guidance issued in 2000, "A Practical Guide to Valuing Children's Health Effects."

Performance Database: Output measure-internal tracking. No database.

Data Source: N/A

QA/QC Procedures: N/A

Data Quality Review: N/A

Data Limitations: N/A

New/Improved Data or Systems: N/A
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. There are three subcommittees and four priority area work groups. EPA is represented on all of these groups. Therefore, there is substantial coordination on goals, priorities and actions taken by all the agencies.

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 2001 Annual Performance Plan and Congressional Justification

Effective Management

Objective # 2: Management Services, Administrative, and Stewardship

OARM and OCFO will provide the management services, administrative support and operations to enable the Agency to achieve its environmental mission and to meet its fiduciary and workforce responsibilities.

Resource Summary
(Dollars in Thousands)

	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Request	FY 2001 Req. v. FY 2000 Ena.
Management Services, Administrative, and Stewardship	\$197,641.9	\$198,776.4	\$220,125.2	\$21,348.8
Environmental Program & Management	\$155,289.7	\$160,718.3	\$173,887.7	\$13,169.4
Science & Technology	\$326.0	\$102.1	\$129.8	\$27.7
Leaking Underground Storage Tanks	\$988.7	\$1,198.0	\$1,237.7	\$39.7
Oil Spill Response	\$4.3	\$5.7	\$6.2	\$0.5
Inspector General	\$82.0	\$0.0	\$0.0	\$0.0
Hazardous Substance Superfund	\$40,951.2	\$36,752.3	\$44,863.8	\$8,111.5
Total Workyears	1,868.0	1,568.8	1,592.8	24.0

Key Programs
(Dollars in Thousands)

	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Request
EMPACT	\$0.0	\$36.1	\$0.0
Reinventing Environmental Information (REI)	\$2,507.1	\$0.0	\$0.0
Superfund - Maximize PRP Involvement (including reforms)	\$967.7	\$0.0	\$0.0
Environmental Finance Center Grants (EFC)	\$1,065.0	\$1,250.0	\$480.0
Human Resources Management	\$21,932.0	\$0.0	\$0.0
Contracts Management	\$24,986.0	\$0.0	\$0.0
Grants Management	\$8,568.8	\$0.0	\$0.0
Information Technology Management	\$21,975.1	\$15,689.9	\$14,641.4
Planning and Resource Management	\$51,897.1	\$44,079.9	\$53,739.9
Rent, Utilities and Security	\$0.0	\$23,515.8	\$27,803.6
Administrative Services	\$6,431.4	\$33,312.0	\$37,235.5
Regional Management	\$42,535.0	\$6,050.8	\$6,731.5

FY 2001 Request

In 2001, the Agency will make measurable progress in its responsibilities for developing, managing and supporting a goals-based management system for the Agency. This work involves planning, budgeting, analysis and accountability for environmental results; Agency-wide budget, resources management and financial management functions, including budget formulation, preparation and execution, and payroll and disbursements controls and systems. To accomplish its goals and objectives, EPA will continue to consult with the 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 Office of the Chief Financial Officer (OCFO) continually coordinates with National Program Managers (NPMs), consults with the lead Region on program development and implementation, and actively seeks customer input on ongoing efforts to achieve greater efficiencies through streamlining, improved performance, customer service and systems development and integration.

In 2001 the Agency will continue to focus on Strategic Planning, Annual Budget and Planning, 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; develops and manages a results-based management system for the Agency that involves strategic planning, analysis and accountability; manages the annual planning and budgeting process for the Agency which includes overseeing the development of annual performance plans, budget formulation and execution; provides financial accounting and fiscal services to the Agency, such as payroll, travel and vendor payments; operates and maintains the Agency's integrated financial management system; provides support to the Agency's cost recovery efforts; and coordinates the planning and budgeting process for the Working Capital Fund. EPA provides leadership for implementing EPA's environmental financing program, which helps create sustainable environmental systems through grants to States, localities and small businesses for services such as training, expert advice and education and analysis.

In 2001 resources will be invested in the continued development and management of the Agency's integrated planning, budgeting, analysis and accountability (PBAA) process. The Agency will continue to provide technical support and assistance to the NPMs and Regions to help ensure that EPA resources are focused on reducing the most significant risks to human health and the environment. We will work closely with the NPMs to link annual plans to the long-term goals and objectives of the Agency through the strategic planning process. Our continued work with state governments through the Environmental Council of the States (ECOS) will ensure collaboration and cooperation with respect to short- and long-term goals and objectives. We will develop the Agency's Annual Performance Plan, and involve the Agency's stakeholders and 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 Manager's 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.

The Agency will develop and implement the budget and financial management processes and information systems to enhance budget and cost analysis capabilities and improve EPA's ability to manage for results. EPA benchmarked its major financial management functions against public and private sector organizations, including industry top performers. In comparison with other top organizations, EPA devotes a lower percentage of its workforce to the overhead of financial management. However, EPA's financial management systems costs are higher than public and private sector averages because EPA has not invested in efficient new information technology. EPA plans to reduce management overhead costs of its major financial and payroll systems. In 2001, EPA will make significant progress in implementing a new payroll system that reduces processing costs and customer burden, provides for cost-saving efficiencies and supports Agency reinvention and streamlining initiatives such as electronic time-keeping, automated labor distribution process, and integrated payroll and personnel data management functions. EPA will recommend a long term solution for the replacement of the Agency's financial management system and ancillary systems which will better integrate Agency resource management systems. To reduce overhead costs and burden, EPA will continue increased Electronic Funds Transfer payments to employees, vendors,

grantees and other Federal Agencies. By 2001, EPA will meet or surpass the Federal requirement for 85% overall Electronic Funds Transfer payments.

In 2001, EPA will develop the Agency's Annual Plan and Budget consistent with the strategic plan and annual budget, further develop EPA's Budget Automation System (BAS) to automate the Agency's overall budget process, and continue the development of cost accounting capabilities that enable Agency managers and stakeholders to know the full cost of Agency programs and the resources associated with the achievement of environmental results. EPA will ensure effective stewardship of EPA resources through provision of core accounting and financial services and through maintenance of the basic infrastructure of financial management policies and systems.

EPA will develop the Agency's second Annual Performance Report (APR) in 2001. This Report will provide the Congress with performance information pertaining to the key Annual Performance Goals and Annual Performance Measures listed in the 2000 Annual Performance Plan. The APR will be based on information in the Agency-wide accountability system that the Agency established in 1999, plus additional information on program results to be provided by the Agency's "goal teams."

EPA plans to use 2001 resources to provide timely, accurate data to promote informed decisions. 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. Through cost accounting, the Agency will provide financial reporting which links investments with environmental results. The 2001 Annual Performance Goals are focused on an integrated planning, budgeting, analysis and accountability process that helps the Agency deliver the most environmental results possible given the resources appropriated by Congress. In doing this, we are helping the Agency fully comply with the letter and spirit of GPRA.

This objective also 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, environmental compliance. In 2001, the focus of this objective will be in three critical areas.

The first priority is to ensure a high level of integrity and accountability in the management of grants and contracts. The Agency will continue to strive towards better pre-award and post-award management of assistance agreements. In 2001, EPA will eliminate the entire close-out backlog for interagency agreements that ended before September 30, 1997. The Agency will also establish procedures so that future backlogs are avoided. In addition, in 2001, EPA will implement the post award/closeout module of the Integrated Grants Management System (IGMS) in three Regions. 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 second priority reflects the need to 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 Workforce Development Strategy. The purpose of this effort is to attract, recruit, develop, and deploy EPA's employees to address the most significant environmental goals. A significant component of the initiative is the EPA Intern Program which is designed to hire diverse, high performing individuals who will become part of the Agency's future leadership. The Agency will utilize its newly developed Agency-wide cross-cutting core competencies to define necessary skills for effective job performance in support, mid-level, and leadership positions; and assess employees against established occupational competencies.

The third priority is to improve the Agency's infrastructure by providing a healthy, safe and secure work environment and to 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, postage, and health safety and environmental compliance activities. The Agency will continue an aggressive approach to strengthen pollution prevention and energy conservation in its facilities. The Agency's Labs 21 initiative supports the President's Executive Order issued on June 3, 1999, that set energy and pollution targets for all federal facilities, including laboratories. The Labs 21 initiative will establish and promote a national energy efficiency and pollution prevention agenda that public and private entities can endorse. Through this important initiative, EPA will establish itself as a leader among federal agencies supporting the Administration's pollution prevention efforts.

EPA will develop and issue guidance for executive agencies to use when purchasing goods and services in response to President Clinton's 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.

In 2001, the Agency will continue to modernize its information systems in cooperation with States. Modernization efforts will focus on data integration and data quality. These projects will be planned and managed under an Agency-wide process that includes the Clinger-Cohen Act investment review and oversight by EPA management. EPA's Information Security Program will continue activities to safeguard Agency information and information systems. A stronger emphasis will be placed on strengthening security plans and organizational security programs through additional reviews and oversight on an Agency-wide scale. Increased efforts will also take place to raise the awareness level of the EPA workforce to ensure managers understand their individual responsibilities for protecting information resources.

Because of EPA's success with the Year 2000 (Y2K) change over, EPA does not expect there will be any problems associated with the Year 2000 (Y2K) continuing into 2001. The primary purpose of the Y2K program in 2001 will be to provide any necessary follow-up to Y2K implementation.

During 2001, EPA will continue to provide Information Technology and Communication Services to its internal Agency clients. These services range from mainframe, supercomputer, and distributed processing services to desktop computing support including email, voice mail, Intranet/Internet connections, training, local area network operations, and application development consulting.

FY 2001 Change from FY 2000 Enacted

MULTI-APPROP

- (+\$4,000,000 EPM, +\$1,000,000 SF) EPA will finalize the implementation of a new payroll system that will reduce processing costs and burdens through use of efficient technology.
- (+\$2,979,500 EPM, +\$1,337,000 SF, \$25,300 LUST) Payroll Adjustment - Payroll Adjustment - Investment provides for cost of living increases expected in 2001 (OCFO).
- (+\$1,388,900 EPM, +\$10,700 S&T, \$717,000 SF) Transit Subsidy - This increase supports the expected rise in participation due to the ongoing headquarters relocation to the new complex at Federal Triangle. It is anticipated that participation in the program will expand since parking is not as readily available as at the current headquarters location and mass public transportation is more convenient. This investment also provides resources for an increase in the participation in the transit subsidy program in the regions.

EPM

- (-\$1,102,700; +9.1 FTE) Reflects management resources shifted from the old Office of Policy to the Office of the Administrator as a result of a reorganization (-7.0 FTE), resources provided to OARM to support some administrative functions and responsibilities for which OARM has management authority (-2.0 FTE), as well as distribution of Working Capital Fund resources which had been centrally managed in the old Office of Policy.
- (+\$4,667,000 EPM, +\$616,500 SF) Payroll Adjustment - Investment provides for cost of living increases expected in 2001.

SUPERFUND

- (+\$1,221,100) Provides additional resources for mainframe, supercomputer, and distributed processing services to desktop computing support including email, voice mail, Intranet/Internet connections, training, local area network operations, and application development consulting.

Annual Performance Goals and Performance Measures

GPRA Implementation

- In 2001 EPA's fiscal management, processes, operation, and systems reflect sound financial management principles.
- In 2000 100% of EPA's GPRA implementation components (planning, budgeting, financial management, accountability, and program analysis) are completed on time and meet 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 Estimate	FY 2001 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.		03/31/2000	
The revised Strategic Plan will be produced and distributed.		09/30/2000	
Agency financial statements receive an unqualified audit opinion and are timely and provide programmatic and financial information useful to policymakers and interested parties.		09/30/2000	
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.		09/30/2000	
Agency financial statements are prepared and audited by March 1 and receive a clean opinion.			03/01/2001
Baseline: FY 2001 APP APG/PM outcome-orientation.			

Payroll Systems Analysis

In 2001 As one component of streamlined financial services, completed analysis of existing and new payroll systems' processes for payroll and related functions.

Performance Measures:	FY 1999 Actuals	FY 2000 Estimate	FY 2001 Request
Status of analysis.			09/30/2001

Baseline: Work completed in FY 2000.

Improved Performance Measures

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.

Performance Measures:	FY 1999 Actuals	FY 2000 Estimate	FY 2001 Request
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Number and percentage of outcome-oriented APGs/PMs in Agency's FY 2002 Annual Performance Plan Submission.	4
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Baseline: FY 2001 APP APG/PM outcome-orientation.

Core Financial Services

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

Performance Measures:	FY 1999 Actuals	FY 2000 Estimate	FY 2001 Request
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The CFO core financial management standards.	100	Percent
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Baseline: FY 1999 and 2000 data.

Workforce Improvement

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 will improve the capability of its workforce by: formalizing a leadership development approach; rolling out a training curriculum to enhance necessary cross-functional skills; clearly identifying and defining support staff career paths; and continuing to hire talented and diverse individuals.

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 Estimate	FY 2001 Request	
Number of Interns hired under the EPA Intern Program.	22	60	60	Interns

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.

Utilization of Performance-based Contracts

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 EPA will improve the quality, effectiveness, and efficiency of EPA's acquisition and contract management process by increasing the percentage of contracts utilizing performance-based statement of works from 10% to 11%.

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 Estimate	FY 2001 Request	
Percentage of new contracts utilizing performance-based statements of work.	15	11	11	Percent

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

Grants Management

In 2001 EPA will eliminate the closeout backlog of non-construction grants which ended before 9/30/2000

In 2000 EPA will improve the quality, effectiveness & efficiency of grants management & award process by eliminating closeout backlog for non-construction grants ended before 9/30/97 &

increasing the number of Grants Management Offices awarding grants through the Integrated Grants Management System(5 to 11)

In 1999 EPA has completed the development of the IGMS Awards Module. IGMS will strengthen our relationships with our environmental partners, improve the speed and user-friendliness of the grant process, and enhance our post award and closeout management.

In 1999 EPA continues to make significant progress in Grants Closeout and Oversight of Assistance Agreements. We are committed to eliminating the non-construction grants closeout backlog by July 2000. As of Sept 30, 1999, EPA has closed all but 1 (CA) of 364 projects which ended before October 1, 1990.

Performance Measures:	FY 1999 Actuals	FY 2000 Estimate	FY 2001 Request	
Number of regions that have implemented the awards module.	9			Regions
Percentage of non-construction grants closed out which ended before 9/30/97.	97	100		Percent
Number of Grants Management Offices awarding grants through the Integrated Grants Management Systems (IGMS).		10	11	Offices
Percentage of non-construction grants closed out which ended before 9/30/2000.			100	Percent

Baseline: As of 10/1/98, the Agency had 364 projects to close which ended before 10/01/90.

Verification and Validation of Performance Measures

Performance Measure: Number and percentage of outcome-oriented APGs/PMs in Agency's FY 2002 Annual Performance Plan submission.

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 financial statements are prepared and audited by March 1 and receive a clean audit opinion.

Performance Database: Output measure. No database.

Data Source: Auditors' Report

QA/QC Procedures: N/A

Data Quality Review: N/A

Data Limitations: N/A

New/Improved Data or Systems: N/A

Performance Measure: Streamline the delivery of core financial services to reduce customer burden and improve efficiency and cost effectiveness of key service as measured by the CFO core financial management standards.

Performance Database: Internal tracking. No database.

Data Source: IFMS and financial reports

QA/QC Procedures: N/A

Data Quality Review: N/A

Data Limitations: N/A

New/Improved Data or Systems: N/A

Performance Measure: As one component of streamlined financial services, complete analysis of existing and new payroll systems' processes for payroll and related functions, as measured by the status of the analysis.

Performance Database: Output measure – internal tracking. No database.

Data Source: OCFO

QA/QC Procedures: N/A

Data Quality Review: 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 four 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 Measures Forum, which consists of 16 departments or bureaus involved in the management or protection of natural resources; 3) participation in the Healthy People Consortium which is an alliance of federal, state and territorial public health, mental health, substance abuse and environmental agencies; and 4) active contributions to standing interagency management committees, including the Chief Financial Officers Council, the Federal Financial Managers' Council and the Presidents' 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 President Clinton's 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

Environmental Protection Agency

FY 2001 Annual Performance Plan and Congressional Justification

Effective Management

Objective # 3: Building Operations, Utilities and New Construction

OARM will provide the Agency with a quality work environment that considers employee safety and security, building operations, utilities, facilities, new construction, repairs and pollution prevention within Headquarters and nationwide.

Resource Summary
(Dollars in Thousands)

	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Request	FY 2001 Req. v. FY 2000 Ena.
Building Operations, Utilities and New Construction	\$358,709.5	\$171,375.0	\$161,518.1	(\$9,856.9)
Environmental Program & Management	\$226,552.6	\$73,503.6	\$90,449.5	\$16,945.9
Science & Technology	\$7,423.2	\$9,008.9	\$21,607.0	\$12,598.1
Building and Facilities	\$56,948.0	\$62,362.1	\$23,930.5	(\$38,431.6)
Leaking Underground Storage Tanks	\$1,119.6	\$1,168.2	\$1,026.1	(\$142.1)
Oil Spill Response	\$659.9	\$521.9	\$537.9	\$16.0
Inspector General	\$4,011.9	\$0.0	\$0.0	\$0.0
Hazardous Substance Superfund	\$61,994.3	\$24,810.3	\$23,967.1	(\$843.2)
Total Workyears	55.4	10.4	9.1	(1.3)

Key Programs
(Dollars in Thousands)

	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Request
Superfund - Maximize PRP Involvement (including reforms)	\$32.1	\$0.0	\$0.0
New Construction: New Headquarters Project	\$15,945.3	\$0.0	\$0.0
New Construction :RTP New Building Project	\$36,000.0	\$0.0	\$0.0
Facility Operations: Repairs and Improvements	\$15,428.0	\$0.0	\$0.0
Facility Operations: Security	\$12,962.2	\$0.0	\$0.0
Facility Operations: Agency Rental/ Direct Lease	\$170,571.8	\$0.0	\$0.0
Facility Operations: Agency Utilities	\$10,015.2	\$0.0	\$0.0
Regional Program Infrastructure	\$66,532.2	\$29,883.3	\$28,670.4
Regional Science and Technology	\$0.0	\$1,372.5	\$1,372.5
Rent, Utilities and Security	\$0.0	\$4,476.6	\$7,122.5
Administrative Services	\$0.0	\$1,283.7	\$1,328.1

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 greenhouse gases and other power generation emissions resulting from energy consumed by operation of these facilities. In 2001, the Agency will continue to optimize operating efficiencies and encourage the use of new and advanced technologies and energy savings performance contracting.

The 2001 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:

New construction and space modification activities support funding for the new Research Triangle Park complex and the New Headquarters consolidation project. The transition costs associated with occupying the Research Triangle Park complex will continue in 2001 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, laboratory operations, and telecommunications. The personnel required to manage these services are funded in Goal 10 objective 2 while the extramural costs are funded in this objective.

FY 2001 Change from FY 2000 Enacted

MULTI-APPROP

- (+\$4,690,100 EPM, +\$11,724,000 S&T) The new RTP facility will provide state of the art labs for EPA's flagship research center. Additional resources are required to provide for furniture design and installation, moving expenses associated with the transition from several scattered facilities to one campus, and overlap services for the period of the moves (utilities, security, custodial services). Additional resources are also required to continue the environmental due diligence process necessary to meet federal requirements to close down the old facility in an environmentally acceptable manner.
- (+\$1,000,000 EPM, +\$1,800,000 B&F, +\$1,000,000 S&T) In 2001 the Agency will initiate a Laboratories for 21st Century program. This program will include a demonstration fuel cell at EPA's Ft. Meade laboratory. The program will be the catalyst for awarding Energy Savings Performance Contracts at EPA labs as well as creating a funding mechanism that will enable the Agency to explore alternative energy production by the cleanest, least environmentally intrusive and most efficient conversion of fuel.

EPM

- (+\$7,568,800) This increase reflects restoration of reductions taken in 2000. This increase will be used to maintain facilities operations and maintenance services to the Agency’s headquarters and regional offices. The services include management of mail, transportation, printing, space utilization, postage and health safety and environmental compliance activities.

B&F

- (-\$36,700,000) This disinvestment recognizes savings resulting from the completion of the construction of the consolidated laboratory at Research Triangle Park.
- (-\$3,800,000) Redirected to fund the Laboratories for 21st Century program to create a funding mechanism that will enable the Agency to explore alternative energy production by the cleanest, least environmentally intrusive and most efficient conversion of fuel.

Annual Performance Goals and Performance Measures

Energy Consumption Reduction

- In 2001 EPA will implement 5 energy saving projects at EPA owned facilities.
- In 2000 EPA will improve the quality, effectiveness of EPA’s facilities management process by reducing EPA’s total energy consumption in EPA owned buildings by 20% over 1985 baseline (400,000 BTUs per square foot), or down to 320,000 BTUs per square foot.
- 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 prevention at 4 labs.

Performance Measures:	FY 1999 Actuals	FY 2000 Estimate	FY 2001 Request	
Improve energy efficiency and reduce energy consumption in EPA labs.	4			Labs
Energy consumption of BTUs per square foot.		320,000		BTUs per Sq/Ft
Number of energy saving projects at EPA owned facilities.			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 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 EPA will ensure that all new and ongoing construction projects are progressing and completed as scheduled.
- In 1999 EPA is continuing renovation at Ariel Rios North and has completed 90% buildout. 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 Estimate	FY 2001 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	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	Percent
Baseline:	In 2000, EPA percentage of EPA personnel relocated to New Headquarters Complex is 47%. In 2000, Research Triangle Park (RTP) construction baseline is 80% completion and the Interstate Commerce Commission baseline is 80% completion.			

Energy Reduction Technology

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

Performance Measures:	FY 1999 Actuals	FY 2000 Estimate	FY 2001 Request	
Percentage of fuel cell components in place.			10	Percent

Percentage of structure completed.

100

Percent

Baseline: Baseline will be established in FY 2001.

Verification and Validation of Performance Measures

Performance Measure: Percentage of construction completed on each project cited

Performance Database: Output measure – expressed as the completion of explicit tasks. No database.

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 Review: N/A

Data Limitations: N/A

New/Improved Data or Systems: N/A

Performance Measure: Percentage of EPA Headquarters personnel relocated

Performance Database: Output measure – internal tracking. No database.

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 Review: N/A

Data Limitations: N/A

New/Improved Data or Systems: N/A

Coordination with Other Agencies

None

Statutory Authorities

Federal Property and Administrations Service Act

Public Buildings Act

VA-HUD-Small Agencies Appropriations Act

Clean Water Act, Clean Air Act, 41 CFR and D.C. Recycling Act of 1998

Environmental Protection Agency

FY 2001 Annual Performance Plan and Congressional Justification

Effective Management

Objective #4: Provide Audit and Investigative Products and Services

Provide audit and investigative products and services all of which can help EPA accomplish its mission.

Resource Summary (Dollars in Thousands)

	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Request	FY 2001 Req. v. FY 2000 Ena.
Provide Audit and Investigative Products and Services	\$39,889.3	\$43,532.5	\$45,888.9	\$2,356.4
Environmental Program & Management	\$592.2	\$152.8	\$142.2	(\$10.6)
Inspector General	\$39,297.1	\$43,379.7	\$34,094.4	(\$9,285.3)
Hazardous Substance Superfund	\$0.0	\$0.0	\$11,652.3	\$11,652.3
Total Workyears	382.8	374.3	371.9	(2.4)

Key Programs
(Dollars in Thousands)

	FY 1999 Enacted	FY 2000 Enacted	FY 2001 Request
Contract Audits	\$4,950.6	\$5,439.5	\$5,358.0
Assistance Agreement Audits	\$6,830.5	\$7,349.3	\$5,363.9
Program Audits	\$10,264.4	\$11,025.6	\$12,791.6
Financial Statement Audits	\$4,187.5	\$4,334.3	\$4,256.6
Program Integrity Investigations	\$911.5	\$1,471.7	\$1,486.3
Assistance Agreement Investigations	\$2,650.4	\$2,762.8	\$2,771.1
Contract and Procurement Investigations	\$2,913.0	\$3,005.1	\$2,986.3
Employee Integrity Investigations	\$953.4	\$991.8	\$923.2
Planning, Analysis, and Results	\$0.0	\$0.0	\$1,615.8
Program Evaluation - IG	\$0.0	\$1,636.3	\$2,774.1
Administrative Services	\$0.0	\$142.2	\$142.2

FY 2001 Request

The Office of Audit provides audit and advisory services that: (1) fulfill the mission of the IG Act, (2) are highly responsive to the needs of customers, clients and stakeholders, (3) support the attainment of Agency Strategic Goals, and (4) help the Agency resolve its top management challenges. Work focuses on “issue areas” based on relative risk, materiality, and importance to EPA.

Program Audits - Determine the extent to which the desired results or benefits envisioned by the Administration and Congress are being achieved, review the economy, efficiency and effectiveness of operations, determine the extent of compliance with applicable laws and regulations and assist the Agency in implementing GPRA by selectively verifying and validating performance measures, data and results.

Financial Statement Audits - Review the Agency’s financial systems and statements to ensure that the accounting information is accurate, reliable and useful, and complies with applicable laws and regulations. These audits assist EPA in improving its financial

processes and controls to provide better information for decisions concerning environmental results.

Assistance Agreement Audits - Audits of State Revolving Funds, Performance Partnership Grants, Interagency Agreements and Cooperative Agreements, which provide assistance to state, local and tribal governments, universities and nonprofit recipients accounting for about half of EPA's budget. Financial and performance aspects are audited, building on the Single Audit Act and focusing on resource-intensive, high-risk programs.

Contract Audits - Audits of Agency indirect cost proposals, preaward, interim and final contracts determine the eligibility, allocability, and reasonableness of costs claimed by contractors and assure that EPA pays only for what it requests and receives. EPA has assumed audit cognizance of 10 major contractors and will continue monitoring for high-risk contractors. The Defense Contract Audit Agency provides contract audit services, on a reimbursable basis (paid by OIG funds), at the majority of EPA's contractors.

Program Evaluations - Systematic measurement and analysis of environmental, economic and other external outcomes, benefits and results in relation to the application of resources, legislative and policy initiatives. Program evaluations build upon traditional performance audits, using sophisticated analytical tools, methodologies and specialized skills applied with a broad perspective to guide public policy and investment decisions.

The Office of Audit will continue audit emphasis on Agency assistance agreements in FY 2001. The OIG considers this a priority area because assistance agreement funding represents nearly 50 percent of EPA's budget and previous audits have shown a continuing pattern of problems. In addition, a variety of audits focused on computer security will be conducted since previous audits in this area have uncovered a number of significant problems. The Office of Audit has substantially completed the risk-based strategy of the Construction Grant Program. However, since the Agency has declared close-out of the program a material weakness until FY 2002, a commitment has been made to audit or return for close-out, any grant within 12 months of a request, and assist the Agency as needed. Investments in financial audits will be reduced since the Agency has received several "clean opinions" on its financial statements. Reviews of Agency compliance with the Government Performance and Results Act will continue through selective verification and validation of the process, measures, and data quality. The Office of Audit will also expand its influence as positive agents of change through additional assistance and consultation services to improve Agency capability and awareness in performance management and accountability. Further, the OIG will improve its performance and efficiency by implementing paperless auditing and other technology, and by providing additional professional support to the Office of Investigations to detect fraud involving complex financial and procurement-related issues.

Full program evaluation services will be provided and will allow the OIG to analyze environmental outcomes more effectively by applying (1) new perspectives and methodological approaches from social sciences and public policy fields; (2) more specialized and sophisticated analytical tools; and (3) added environmental expertise.

The Office of Audit goal is to increase its influence on actions leading to the achievement of the environmental mission by developing partnerships with other Federal, state and private stakeholders, and by alignment and accountability of its activities to the needs and expectations of Agency management, the Congress and the taxpayers. The Agency cannot perform at its highest potential without consistent application of controls and business practices to prevent loss and maximize results from available resources. The OIG goal will help EPA leverage its resources and make informed decisions for the greatest environmental return.

The Office of Investigations investigates alleged fraud, waste, abuse, and other illegal activities by EPA employees, contractors, and grantees. A variety of investigations result in referrals for criminal prosecution and civil action, indictments, convictions, fines, restitutions, civil recoveries, suspensions, debarments, and other administrative actions. They also result in identification of systemic vulnerabilities, improvements in programs and operations, savings and economic benefits. Fraud-awareness briefings are held to raise consciousness about integrity issues within the Agency.

Program Integrity Investigations - Investigations of 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 - Investigations of 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. Collectively these programs account for about half of EPA's budget.

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

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

The Office of Investigations FY 2001 activities will remain essentially the same as FY 2000 since no significant changes in strategic direction are planned. Emphasis will continue on the initiative to uncover criminal activity in the awarding and delivery of EPA assistance agreements and contracts. In addition, the Office of Investigations will perform criminal investigations of intrusive activities affecting EPA computer systems, and will participate with other law enforcement agencies in the growing effort to protect government computer systems. Fraud and abuse remain a threat to Agency programs and can substantially subvert EPA's mission. Investigations are vital in reducing risk by detecting and deterring fraud, abuse, and other improprieties, and by promoting

cost-effective programs, ensuring the integrity of contractors and employees. Focus will continue on these activities and will increase OIG effectiveness in areas yielding the greatest results.

The Immediate Office of the Inspector General provides overall direction, policy, and management of OIG operations. The Counsel to the Inspector General provides legal services in conjunction with audits, investigations, and other OIG activities, and also responds to Freedom of Information Act requests.

The Office of Planning, Analysis and Results (PAR) oversees the development of strategic plans, annual performance plans and budgets, and performance measures. Strategic plans align OIG products and services to current Agency goals and priorities based upon emerging issues, legislative initiatives, needs of various customers, clients and stakeholders and multiple dynamic external factors. PAR prepares 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. PAR implements and maintains a process for identifying, collecting, analyzing, and reporting performance and resource information as required by GPRA. PAR also performs management assessment reviews to ensure that the high quality of OIG work is maintained, and evaluates existing/proposed legislation and regulations affecting EPA.

The Program Support Staff (PRSS) provides human resource support and develops 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. PRSS also helps the Agency prevent and reduce the risk of loss and impropriety through timely and responsive reviews of personnel backgrounds and employment suitability.

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.

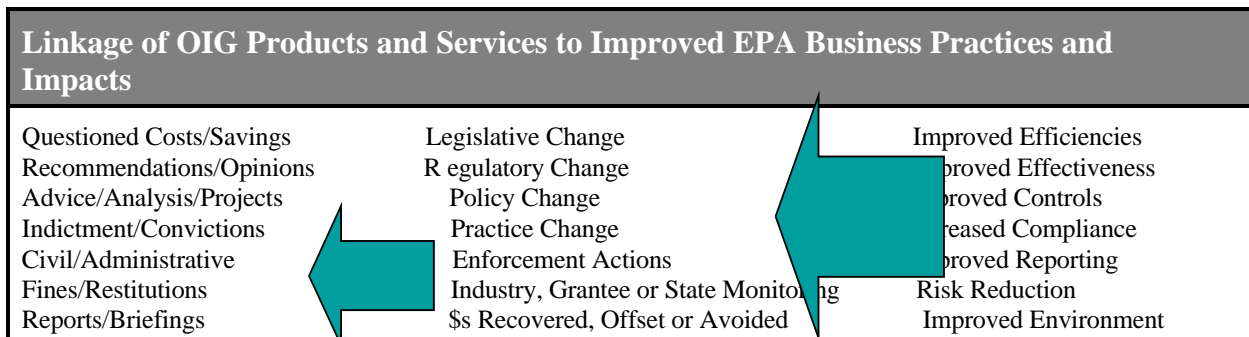
Planning, Analysis, and Results - Activities to develop strategic and annual performance plans, budgets and accountability reports in compliance with the Inspector General Act, as amended, and the Government Performance and Results Act that clearly link all resources to progress in achieving organizational objectives and results. These activities provide the catalyst to effective controllership, decision making and operational changes for the best application of resources. These activities also identify customer, client and stakeholder needs, and opportunities for responsive collaboration with Federal, state, local and private entities. In addition, they also include an internal quality control system.

Program Support - 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. These activities also include reviews of background investigations of current and prospective EPA employees and contractors to determine if suitability and security requirements are met to reduce risk and protect the integrity of the EPA programs and operations.

Information Resources Management - 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.

The Immediate Office of the Inspector General will continue its emphasis on creating a high performance organization in FY 2001 through an ongoing major training initiative. PAR activities will remain essentially the same as FY 2000 except it is anticipated that full program implementation will occur following the initial start up which only had partial staffing in the previous year. PRSS activities will be similar to FY 2000 except for a possible contracting out of personnel services currently provided by the Agency. Information Resources Management activities (part of PRSS) will be similar to FY 2000 with emphasis on refining the Inspector General Operation and Reporting system. PAR and PRSS activities are necessary to ensure that the OIG obtains the greatest return on its investment for the Agency by contributing to the performance of audits and investigations. They contribute substantially to the planning, utilization and effectiveness of OIG resources.



Relationship Between Audit Issue Areas and Coverage of Agency Strategic Goals

Audit Issue Areas→ Planned: 2000-2001 EPA Strategic Goals	Water Quality	Grants	Contracts	Financial Systems	Hazardous Waste Superfund	Hazardous Waste RCRA	Other Emerging Issues
Clean Air							✓
Clean & Safe Water	✓	✓					✓
Safe Food		✓		✓			✓
Preventing Pollution & Reducing Risk In Com. Homes, Work places & Ecosystems					✓		✓
Better Waste Mgt, Restoration of Contaminated Waste Sites & Emrgcy Respns.					✓	✓	
Reduction of Global & Cross Border Risks	✓				✓		✓
Expansion of Americans Right to Know					✓		✓
Sound Science							✓
A Credible Deterrent to Pollution & Compliance with Law	✓	✓			✓	✓	
Effective Management	✓	✓	✓	✓	✓	✓	✓

FY 2001 Change from FY 2000 Enacted

- (+\$2,367,000, -2.4 FTE) Reflects anticipated payroll growth. The OIG will fully staff: (1) a program evaluation activity to analyze costs and outcomes of Agency activity, and (2) a strategic planning, analysis and results activity to align OIG work with emerging issues, Agency priorities and customer/client needs. We will also increase audit and investigative emphasis on Agency assistance agreements, computer security, and reviews of Agency implementation of GPRA. In addition, the OIG will fully fund a major training initiative designed to create a high performance organization. The OIG will reduce the number of Construction Grant audits to those requested by the Agency, and decrease the level of effort on financial statement audits since the Agency has received unqualified opinions.

Annual Performance Goals and Performance Measures

Audit and Advisory Services

- 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 In FY 2000, the Office of Audit will provide timely, independent auditing & consulting services responsive to the needs of our customers and stakeholders by identifying means and opportunities for increased economy, efficiency, and effectiveness in achieving environment results.
- 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.
- In 1999 The Office of Audit provided timely, independent auditing & consulting services by completing & initiating more audit assignments, reducing the average time, & dedicating more resources to consulting services.

Performance Measures:	FY 1999 Actuals	FY 2000 Estimate	FY 2001 Request	
Potential monetary value of recommendations, questioned costs, savings and recoveries.	124.9	64.0	40	Million
Examples of IG recommendations/advice or actions taken to improve the economy, efficiency, and effectiveness of business practices and environmental programs.	60	63	68	Examples
Construction Grants Closeout Audits	24			Audits
Overall customer and stakeholder satisfaction with audit products and services (timeliness, relevancy, usefulness and responsive.		75	80	Percent

Baseline: In 2000, the Office of Audit will measure potential monetary value of recommendations, questioned costs, savings and recoveries at a baseline of \$64.0 million (the amount of questioned costs will decrease substantially due to the reduction of construction grants audits) ; IG recommendations made and actions taken to improve the economy, efficiency, and effectiveness of operations and environmental programs will be 63 recommendations/actions, and the percentage of the overall customer and stakeholder satisfaction with audit products and services (timeliness, relevancy, usefulness, and responsiveness) will be baselined at 75%.

Fraud Detection and Deterrence

- In 2001 Increase effectiveness in detecting and deterring fraud and other improprieties that undermine the integrity of Agency programs and resources.
- In 2000 In FY 2000, the Office of Investigations will increase its effectiveness in detecting & deterring fraud & other improprieties by increasing the number of assistance agreements & contract cases, improving the % 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 Estimate	FY 2001 Request	
Monetary value of fines, judgements, settlements, restitutions, and savings.	\$.8	4.2	4.3	Million
Judicial, administrative, and other actions taken to enforce law, reduce or avoid risk.	73	53	54	Actions
Percentage of cases completed resulting in referrals.		37.6	37.6	% Of Cases
Percentage of cases completed or referred within one year.		52	53	% Of Cases
Baseline:	In 2000, the Office of Investigations will use \$ 4.24 million as their performance baseline for monetary value of fines, judgements, settlements, restitutions, and savings, for judicial, administrative, and other actions taken to enforce law, reduce or avoid risk, 53 judicial and administrative actions will be the performance baseline, 68.9 assistance agreements and contracts opened will be the baseline, percentage of cases completed resulting in referrals will have a baseline of 37.1% and percentage of cases completed or referred within one year initiation will be 52%.			

Verification and Validation of Performance Measures

Performance Measure: Potential monetary value of recommendations, questioned costs, savings and recoveries

Performance Database: Inspector General Operations and Reporting System (IGOR)

Data Source: OIG Staff

QA/QC Procedures: Management Assessment Review (MAR); Peer Review (PR)

Data Quality Review: None

Data Limitations: Incomplete/missing data

New/Improved Data or Systems: Modify as necessary

Performance Measure: Examples of IG recommendations/advice or actions taken to improve economy, efficiency, and effectiveness of business practices and environmental programs

Performance Database: Inspector General Operations and Reporting System (IGOR)

Data Source: OIG Staff

QA/QC Procedures: Management Assessment Review (MAR); Peer Review (PR)

Data Quality Review: None

Data Limitations: Incomplete/missing data

New/Improved Data or Systems: Modify as necessary

Performance Measure: Overall customer and stakeholder satisfaction with audit products and services

Performance Database: Internal tracking -- no database

Data Source: N/A

QA/QC Procedures: N/A

Data Quality Review: N/A

Data Limitations: N/A

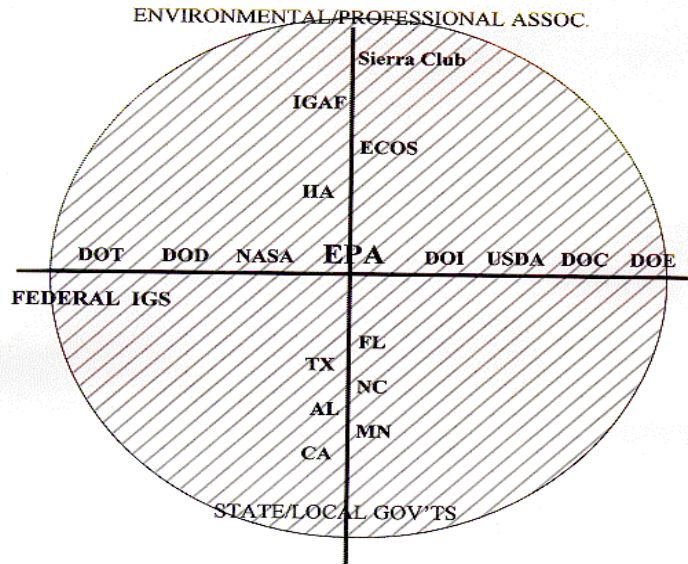
New/Improved Data or Systems: N/A

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 seeks to coordinate and improve the way IGs conduct audits and investigations, and completes projects of government-wide interest. 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.

Vertical and Horizontal Integration

The EPA OIG is currently working to form partnerships with, and coordinate resources of, other Federal agencies (horizontal), state, and private institutions (vertical) for combined expanded leverage and to influence resolution of common or related environmental problems.



HORIZONTAL & VERTICAL INTEGRATION OF RESOURCES

Customers, Clients and Stakeholders

- ◆ Congress
- ◆ The EPA Administrator, Agency Management, and Staff
- ◆ The American Taxpayers
- ◆ The Office of Management and Budget
- ◆ State and Local Governments
- ◆ Other Federal Agencies
- ◆ The Law Enforcement Community
- ◆ EPA Contractors and Assistance Agreement Recipients
- ◆ The Media and Public Interest Groups

Statutory Authorities

Inspector General Act of 1978, as amended

Chief Financial Officer Act

Government Management Reform Act

Government Performance and Results Act

Superfund Amendments and Reauthorization Act

Federal Insecticide, Fungicide, and Rodenticide Act