



# At a Glance

*Catalyst for Improving the Environment*

## Why We Did This Review

Grants management has been a significant challenge for EPA for several years. At the recommendation of the Office of Inspector General, EPA issued an Order requiring some grants to be competed. To evaluate EPA's progress, we assessed whether (1) the Order promoted competition, and (2) the competitions were fair and open.

## Background

EPA issued Order 5700.5, *Policy for Competition in Assistance Agreements*, effective October 1, 2002. The Order established EPA's policy: "to promote competition in the award of assistance agreements to the maximum extent practicable." The Order also established criteria stating when competition for grants is needed and the process for competing the grants.

For further information, contact our Office of Congressional and Public Liaison at (202) 566-2391.

To view the full report, click on the following link:

[www.epa.gov/oig/reports/2005/20050331-2005-P-00014.pdf](http://www.epa.gov/oig/reports/2005/20050331-2005-P-00014.pdf)

## ***EPA Needs to Compete More Assistance Agreements***

### **What We Found**

EPA Order 5700.5 (Order) was a positive step in promoting competition; however, it did not promote competition to the maximum extent possible. The Order applied to only \$161 million of more than \$835 million of discretionary grants awarded in 2003. Program offices awarded many assistance agreements noncompetitively, some of which seemed inconsistent with the Order's requirements. These conditions occurred because the Order overemphasized exemptions and justifications for not competing assistance agreements. Also, EPA staff misunderstood some requirements. As a result, EPA did not ensure that it awarded discretionary grants to the most qualified recipients or for the most innovative projects, thus potentially diminishing the Agency's efforts to accomplish its mission.

The competitions reviewed were generally fair and open when measured against the provisions contained in the Order. Program offices broadly advertised the competitions and selected recipients based on published criteria. However, EPA would benefit from additional policy on conflicts of interest and documentation requirements.

In January 2005, EPA replaced the original Order with EPA Order 5700.5A1. The revised order included numerous procedural changes and incorporated many of our recommendations. However, the Agency disagreed with key recommendations directed at increasing the number of assistance agreements subject to competition.

### **What We Recommend**

We continue to recommend that the Acting Assistant Administrator for the Office of Administration and Resources Management increase the number of assistance agreements subject to competition by eliminating certain exemptions and a justification for not competing.