



U.S. ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL

Catalyst for Improving the Environment

Cancellation Memorandum

EPA Maximized Competition for Recovery Act Grants under the National Clean Diesel Funding Assistance Program

Report No. 10-R-0082

March 23, 2010





At a Glance

Catalyst for Improving the Environment

Why We Did This Review

The Office of the Inspector General (OIG) sought to determine whether the competition process that the U.S. Environmental Protection Agency (EPA) used to award American Recovery and Reinvestment Act of 2009 (ARRA) grants under the National Clean Diesel Funding Assistance Program (1) promoted competition to the maximum extent possible, and (2) met ARRA goals and requirements.

Background

The President signed ARRA to create and save jobs, jump start the economy, and build the foundation for long-term growth. One of six EPA programs that ARRA funded was the Diesel Emission Reduction Act Program. That program, which received \$300 million, includes the National Clean Diesel Funding Assistance Program.

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

To view the full report, click on the following link:
www.epa.gov/oig/reports/2010/20100323-10-R-0082.pdf

EPA Maximized Competition for Recovery Act Grants under the National Clean Diesel Funding Assistance Program

What We Found

We determined that EPA promoted competition to the maximum extent possible for the National Clean Diesel Emission Funding Assistance Program. EPA achieved three important goals in promoting competition:

- EPA's competition process was fair and impartial.
- All applicants were evaluated only on the criteria stated in the announcement.
- EPA made an effort to mitigate the risk of any applicant receiving an unfair competitive advantage.

We noted that EPA received a significant increase in the number of applicants and proposals for ARRA National Clean Diesel Funding Assistance Program grant awards over the 2008 competition.

We also determined that EPA set up a structure to meet the ARRA goals and requirements, namely the creation or retention of jobs. EPA designed the Request for Applications to make it difficult for applicants to disregard the ARRA criteria and still receive an award. EPA's evaluation forms to grade applications allotted 25 percent of the total score to ARRA-specific funding priorities.

As we conducted our work, we noted EPA activities that could be considered as best practices. EPA issued a national Request for Applications and universal guidance for reviewers and selection officials, collected questions and provided answers universally, and conducted and coordinated outreach efforts with EPA partners. The national Request for Applications and guidance helped facilitate consistency among regional grant selection processes. Once the Request for Applications was issued, EPA Headquarters collected all of the questions that potential applicants submitted and provided answers that were accessible to all potential applicants (either online or via webinars). Also, EPA conducted extensive outreach in informing potential applicants of the competition, taking advantage of existing contacts, and establishing new ones.

Because we determined that EPA is sufficiently promoting competition for ARRA grants under the National Clean Diesel Funding Assistance Program, we are closing this subject assignment upon issuing this memorandum report.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
INSPECTOR GENERAL

March 23, 2010

MEMORANDUM

SUBJECT: EPA Maximized Competition for Recovery Act Grants under the National Clean Diesel Funding Assistance Program
Report No. 10-R-0082

FROM: 
Melissa M. Heist
Assistant Inspector General for Audit

TO: Gina McCarthy
Assistant Administrator
Office of Air and Radiation

Craig E. Hooks
Assistant Administrator
Office of Administration and Resources Management

Al Armendariz
Regional Administrator, Region 6

We determined that the U.S. Environmental Protection Agency (EPA) promoted competition to the maximum extent possible for grants awarded under the National Clean Diesel Funding Assistance Program and set up a structure to meet the goals and requirements for the American Recovery and Reinvestment Act of 2009 (ARRA). Therefore, we will close this subject assignment upon issuing this memorandum report.

In September 2009, we initiated preliminary research for this assignment. Our objectives for this review of ARRA grants awarded under the National Clean Diesel Funding Assistance Program were to determine:

1. Did EPA promote competition to the maximum extent possible?
2. Did the competitions meet the goals and requirements of ARRA?

To answer our objectives, we interviewed personnel at EPA Headquarters within the Office of Air and Radiation, including the Office of Transportation and Air Quality, and the Office of Grants and Debarment. The majority of our work was concentrated in Region 6, where we

interviewed personnel within the Air Program, reviewed the successful grant proposals, and analyzed reviewer evaluation forms. We focused our work on the National Clean Diesel Funding Assistance Program, which is part of the Diesel Emission Reduction Act Program. We examined relevant ARRA criteria such as EPA's ARRA Diesel Emission Reduction Act Program Plan. We also reviewed EPA's actions and efforts to maximize the ARRA National Clean Diesel Funding Assistance Program competition and EPA's actions to ensure that the competition met ARRA goals and requirements. We did not compare the grant proposals to the corresponding evaluation scores to determine the appropriateness of those scores.

We conducted our preliminary research from September 2009 to January 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Since our preliminary research did not identify significant concerns about the competition process to justify continuing into field work, we did not develop or report on all elements of findings as required by government auditing standards. We are reporting what we found and provide suggestions for other programs to consider in implementing similar programs.

For the first objective, we determined that EPA promoted competition to the maximum extent possible. We found that EPA achieved three important goals in promoting competition:

- EPA's competition process was fair and impartial.
- All applicants were evaluated only on the criteria stated in the announcement.
- EPA made an effort to mitigate the risk of any applicant receiving an unfair competitive advantage.

We also noted that EPA received a significant increase in the number of applicants and proposals for ARRA grant awards over the 2008 competition. EPA received roughly two-and-a-half times as many applicants for the ARRA grant cycle than it did for the 2008 grant cycle.

For the second objective, we determined that EPA set up a structure to meet the ARRA goals and requirements, namely the creation or retention of jobs. EPA designed the Request for Applications to make it difficult for applicants to disregard the ARRA criteria and still receive an award. The evaluation forms that EPA developed to grade applications allotted 25 percent of the total score to ARRA-specific funding priorities. We found that for those projects funded in EPA Region 6, the criteria scores that directly addressed ARRA funding priorities averaged 22.6 points out of the possible 25.

As we conducted this work, we noted some EPA activities that could be considered as best practices. EPA issued a national Request for Applications and universal guidance for reviewers and selection officials, collected questions and provided answers universally, and conducted and coordinated outreach efforts with EPA partners. The national Request for Applications and guidance helped facilitate consistency among regional grant selection processes. Once the Request for Applications was issued, EPA Headquarters collected all of the questions that potential applicants submitted and provided answers that were accessible to all potential

applicants (either online or via webinars). Also, EPA conducted extensive outreach in informing potential applicants of the competition, taking advantage of existing contacts, and establishing new ones. Region 6 personnel told us they used the mailing list generated through the Blue Skyways Collaborative to notify potential applicants and conducted a joint webinar with Region 7. Personnel at Headquarters told us that they coordinated with tribes, congressional representatives, the Environmental Council of the States, the Diesel Technology Forum, and other stakeholders.

EPA's Grants Competition Advocate informed us that his office will be reviewing other EPA competitions during 2010. Based on our preliminary research, we suggest that the Competition Advocate include an analysis of reviewer evaluations forms. We found that, in some cases, the narratives that reviewers entered to support their scores provided only limited information.

The estimated cost of this report – calculated by multiplying the project's staff days by the applicable daily full cost billing rates in effect at the time – is \$204,872.

If you or your staff have any questions regarding this cancellation memo, please do not hesitate to contact me at (202) 566-0899 or heist.melissa@epa.gov; or Janet Kasper, Director of Contracts and Assistance Agreement Audits, at (312) 886-3059 or kasper.janet@epa.gov.

Appendix A***Distribution***

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