



Office of Inspector General

Audit Report

GRANT MANAGEMENT

Region 2's Management of Children's Health Risk Initiative and Related Projects

Report No. 2001-P-00002

January 30, 2001

**Inspector General Division
Conducting the Audit**

Region covered

Program Office(s) Involved

Audit Team

**Eastern Audit Division
New York City, New York**

Region 2

**Division of Environmental Planning & Protection,
Radiation and Indoor Air Branch**

Grants and Contracts Management Branch

**Herb Maletz
Tapati Bhattacharyya
John Richberg
Zelda Wrotzlovsky**

January 30, 2001

MEMORANDUM

SUBJECT: Final Report on Region 2's Management of Children's Health Risk Initiative and Related Projects
Report No. 2001-P-00002

FROM: Herbert Maletz
Audit Manager
Eastern Division

TO: William J. Muszynski
Acting Regional Administrator
Region 2

Attached is our final audit report, Region 2's Management of Children's Health Risk Initiative and Related Projects. The objectives of this audit were to determine the adequacy of (a) the The Region's process of selection, award and management of Children's Health Risk Initiatives and related projects, and whether these projects were in line with the overall Agency mission of protecting children from environmental hazards; (b) the Region's systems, policies and procedures to oversee, monitor and evaluate success of projects to assure they were timely completed in accordance with the terms of the respective instruments and established criteria; and (c) the recipient's financial and management controls to effectively achieve its performance commitments to address health and safety risks to children. This report contains findings and recommendations which affect Region 2's efforts in managing its Children's Health Risk Initiative and Related Projects.

This audit report contains issues that describe conditions the Office of Inspector General (OIG) has identified and corrective actions that OIG recommends. This audit report represents the opinion of the OIG. Final determination on matters in the audit report will be made by EPA managers in accordance with established EPA audit resolution procedures. Accordingly, the findings contained in this report do not necessarily represent the final EPA position, and are not binding upon EPA in any enforcement proceeding brought by EPA or the Department of Justice.

ACTION REQUIRED

In accordance with EPA Order 2750, you as the action official are required to provide this office a written response to the audit report within 90 days. Your response should address all recommendations and include milestone dates for corrective actions planned, but not completed.

We have no objections to the further release of this report to the public. Should your staff have any questions about this report, please have them contact Herb Maletz (212)637-3058 or Tapati Bhattacharyya (212)637-3074.

Attachment

EXECUTIVE SUMMARY

Purpose

The audit was conducted to evaluate the overall effectiveness of the Regional Children's Health Risk Initiative and related projects and identify areas where improvements could be made. The specific objectives were to determine the adequacy of:

- a. The Region's process of selection, award and management of Children's Health Risk Initiatives and related projects, and whether these projects were in line with the overall Agency mission of protecting children from environmental hazards.
- b. The Region's systems, policies and procedures to oversee, monitor and evaluate success of projects to assure they were timely completed in accordance with the terms of the respective instruments and established criteria.
- c. The recipient's financial and management controls to effectively achieve its performance commitments to address health and safety risks to children.

Background

Children face significant and unique health threats from a range of environmental hazards. They are often more heavily exposed and more vulnerable than adults to toxins in the environment from asthma-exacerbating air pollution and lead-based paint, to treatment-resistant microbes in drinking water, and to persistent chemicals that may cause cancer or induce reproductive development changes. Children's developing immune and nervous systems can be highly vulnerable to disruption by toxins in the environment and the consequences may be lifelong.

To strengthen the protection of our children from increasingly pervasive environmental health threats,

Region 2's Management of Children's Health Risk Initiative and Related Projects

Administrator Browner announced EPA's *National Agenda to Protect Children's Health from Environmental Threats* in September 1996. On April 21, 1997, President Clinton signed the *Executive Order on the Protection of Children from Environmental Health Risks and Safety Risks*. This Order requires all Federal agencies to assign a high priority to addressing health and safety risks to children, coordinate research priorities on children's health, and ensure that their standards take in account special risks to children. In May 1997, Administrator Browner formed a new office to be the Agency's "conscience" on children's issues. The Office of Children's Health Protection (OCHP) implements EPA's 1996 National Agenda and the 1997 Executive Order.

Results in Brief

Region 2's children's health initiative made great strides in the last three years towards accomplishing its goals in line with EPA's overall mission. The Region (i) formed a Children's Health Workgroup; (ii) initiated a pilot project in Newark, New Jersey; (iii) increased use of Indoor Air Quality (IAQ) plans in schools; (iv) formed partnerships with institutions, agencies, and community organizations; and (v) funded children's health projects in New York, New Jersey and Puerto Rico. During this period, Region 2 awarded 44 assistance and interagency agreements totaling about \$3.5 million for children's research, training and outreach activities. These accomplishments occurred despite the Region's limited resources which required innovative approaches to achieve the planned goals.

Although these awards increased public education and community outreach, further actions are needed to ensure EPA projects are timely completed and yield significant benefit to children. For example, the Child Health Champion Campaign Project, a major initiative pilot project, has not been and we do not expect it to be fully successful. More effective EPA project management could have made the Project Officer (PO) aware of problems in a more timely manner, and appropriate retooling actions could have been taken sooner. The project's planned Asthma Busters ("the campaign's link to the community") have not been

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recruited, a target study has not started, the control group has not been identified, a follow up component has been eliminated, and a no cost time extension was approved.

In addition, review of an Indoor Air Quality Tools for Schools grant noted weaknesses. The grantee and EPA believed the project had been far reaching because it was working with five districts, which represented 19 schools. However, four of seven important workplan steps were not fully performed for all schools and primary objectives of assisting schools in identifying, preventing and resolving IAQ problems were not fully met.

Review of other projects noted that Region 2 needs to improve its management of children's health initiative and related assistance agreements. Systemic problems included (i) inadequate review and approval of applicants' workplans; (ii) incomplete decision memoranda; (iii) untimely progress and final reports; (iv) lack of financial monitoring; (v) frequent no cost time extensions; (vi) inadequate documentation of monitoring actions (conversations, meetings, on-site reviews); (vii) projects not reviewed and evaluated; and (viii) untimely project closeout. Weaknesses were also noted in recipients' accounting systems to properly allocate actual personnel expenditures to EPA awards.

These conditions were generally caused by inadequate controls over assistance agreement monitoring activities. Specific contributing factors were POs project filing systems not being in accordance with Headquarters requirements; numerous number of projects and other program priorities; and inadequate system for tracking untimely progress reports. As a result, projects were not always completed timely and often did not provide the promised research, education, or outreach environmental products. Thus, anticipated progress on children's environmental health issues was not always attained.

Recommendations

We recommend that the Region 2 Administrator improve

Region 2's Management of Children's Health Risk Initiative and Related Projects

assistance agreement management by:

Ensuring that a final statement of work is submitted and adequately reviewed before a project is awarded. Specific goals, objectives and reasonable performance measures should be included and program office decision memoranda should be fully completed with required information.

Periodically reviewing recently revised PO project files organization, to ensure they are complete, organized and in compliance with requirements.

Reducing the number of projects assigned to a PO by redistributing workload, assigning fewer projects, combining agreements into larger projects, assigning alternate POs to assist the PO in certain areas, or limiting responsibilities for attending conferences, conducting training, and performing outreach activities.

Developing an outline for information that recipients should provide in progress and final reports, and scheduling a conference with on-going recipients to remind/reinforce EPA requirements and recipient technical and financial responsibilities.

Evaluating all completed projects to determine whether goals and objectives were accomplished, problems were encountered, and lessons were learned.

Region 2 Response and OIG Evaluation

On November 16, 2000, Region 2 responded to the September 19, 2000 draft report and provided additional information on certain projects reviewed. The Region did not agree with all our conclusions or recommendations. We summarized aspects of their response in various places of the audit report and provided appropriate comments. See Appendix A for the entire response. An exit conference was held on January 18, 2001.

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ABBREVIATIONS

AB	Asthma Buster
ASU	Asthma Study Unit
CA	Cooperative Agreement
CCC	Center for Chesapeake Communities
CFR	Code of Federal Regulations
CUP	Community/University Partnership
DECA	Division of Enforcement and Compliance Assistance
DEPP	Division of Environmental Planning and Protection
DHHS	Department of Health and Human Services
DOH	Department of Health
EPA	Environmental Protection Agency
ETS	Environmental Tobacco Smoke
FMFIA	Federal Managers' Financial Integrity Act
FSR	Financial Status Report
GCMB	Grants and Contracts Management Branch
GCRC	Grants Customer Relations Council
GPRA	Government Performance and Results Act
GS	Grants Specialist
HUD	Housing and Urban Development
IAG	Inter-Agency Agreement
IAQ	Indoor Air Quality
ICAS	Inner City Asthma Study
ICC	Ironbound Community Corporation
IFMS	Integrated Financial Management System
IPM	Integrated Pest Management
MER	Management Effectiveness Review
NCTE	No Cost Time Extension
NIAID	National Institute of Allergy and Infectious Disease
NYS	New York State
NUCEA	National University Continuing Education Association
OARM	Office of Administration and Resources Management
OCHP	Office of Children's Health Protection
OEJ	Office of Environmental Justice
OIG	Office of Inspector General
OMB	Office of Management and Budget

**Region 2's Management of Children's Health
Risk Initiative and Related Projects**

PI	Principal Investigator
PO	Project Officer
PRASA	Puerto Rico Aqueduct Sewer Authority
PTSB	Pesticides and Toxic Substances Branch
RIAB	Radiation and Indoor Air Branch
RMDS	Resource Management Directive System
SOW	Statement of Work
TFS	Tools for Schools
WNYCOSH	Western New York Council on Safety and Health

**CHAPTER 1
INTRODUCTION**

Purpose

The audit was conducted to evaluate the overall effectiveness of the Regional Children's Health Risk Initiative and related projects and identify areas where improvements could be made. The specific objectives were to determine the adequacy of:

- a. The Region's process of selection, award and management of Children's Health Risk Initiatives and related projects, and whether these projects were in line with the overall Agency mission of protecting children from environmental hazards.
- b. The Region's systems, policies and procedures to oversee, monitor and evaluate success of projects to assure they were timely completed in accordance with the terms of the respective instruments and established criteria.
- c. The recipient's financial and management controls to effectively achieve its performance commitments to address health and safety risks to children.

Background

Children face significant and unique health threats from a range of environmental hazards. They are often more heavily exposed and more vulnerable than adults to toxins in the environment from asthma-exacerbating air pollution and lead-based paint, to treatment-resistant microbes in drinking water, and to persistent chemicals that may cause cancer or induce reproductive developmental changes. Children's developing immune and nervous systems can be highly vulnerable to disruption by toxins in the environment and the consequences may be lifelong.

Recognizing these vulnerabilities, EPA declared that children need special protection against environmental

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toxins. To strengthen the protection of our children from increasingly pervasive environmental health threats, Administrator Browner announced EPA's *National Agenda to Protect Children's Health from Environmental Threats* in September 1996.

This National Agenda Instructs The Agency To:

- Ensure that EPA standards are protective of any heightened risks faced by children.
- Develop a scientific research strategy focused on the gaps in knowledge regarding child-specific susceptibility and exposure to environmental pollutants.
- Develop new policies to address cumulative and simultaneous exposures faced by children.
- Expand community right-to-know allowing families to make informed choices concerning environmental exposures to children.
- Encourage parental responsibility for protecting children from environmental health threats by providing them with basic information.
- Encourage and expand educational efforts with health care providers and environmental professionals so they can identify, prevent, and reduce environmental health threats to children.
- Provide necessary funding to address children's environmental health as a top priority.

On April 21, 1997, President Clinton signed the *Executive Order on the Protection of Children from Environmental Health Risks and Safety Risks*. This Order requires all Federal agencies to assign a high priority to addressing health and safety risks to children, coordinate research

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priorities on children's health, and ensure that their standards take in account special risks to children.

In May 1997, Administrator Browner formed a new office to be the Agency's "conscience" on children's issues. The Office of Children's Health Protection (OCHP) implements EPA's 1996 National Agenda and the 1997 Executive Order.

Scope and Methodology

We performed this audit in accordance with Government Auditing Standards (1994 Revision) issued by the Comptroller General of the United States as they apply to performance audits. Our review included tests of the program records and other auditing procedures we considered necessary.

We conducted audit work at EPA's Regional Offices in New York City and Edison, New Jersey. We reviewed project files containing grant applications, award documents, progress reports, final reports, workplans, justifications for award, Financial Status Reports, and related correspondence to evaluate the overall effectiveness of the Regional Children's Health Risk Initiative and related projects. To meet our objectives we conducted the following audit work:

- Met with OCHP officials to determine their overall goals and their roles and responsibilities.
- Interviewed various Headquarters and Region 2 staff involved with the Children's Health Risk Initiative Program. These individuals included project officers, grants specialists, site managers, deputy directors, and branch managers.
- Reviewed Regional project files to determine whether they were current, financial information was being reviewed, adequate progress reports were prepared timely, and files were organized.

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- Reviewed the Grants and Contracts Management Branch (GCMB) files to determine whether any requests for advance or reimbursement and financial status reports were submitted. These reports disclose funds expended, amounts still owed and types of expenses incurred.
- Evaluated workplans and progress reports to determine if they were complete, and adequate progress was being made to accomplish anticipated goals.
- Reviewed prior audit reports and resulting corrective actions.
- Reviewed permanent files, audit follow-up files, and working papers of prior audits to determine potential issues.
- Since a significant number of the selected awards pertained to the Radiation and Indoor Air Branch, we reviewed relevant sections of the 1999 Memorandum of Agreement between Region 2 and the EPA Office of Air and Radiation. We performed a limited review of EPA's 1997 Strategic Plan, Region 2's October 1998 Strategic Plan, Annual Performance goals and EPA's first Annual Performance Report (March 1999).

We judgmentally reviewed 16 on-going or recently closed projects based on such criteria as dollar amounts, type of agreement, and/or specific environmental threat (e.g., lead poisoning, asthma). We determined the purpose of the selected projects and compared them with activities performed to conclude whether the goals and objectives were achieved.

We reviewed internal controls related to selecting grantees and awarding grants, cooperative agreements, and interagency agreements. We did not review controls associated with the input of information into the Region's

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Integrated Financial Management System (IFMS) or any other automated system.

We reviewed Region 2's FY 1997, 1998 and 1999 Federal Managers' Financial Integrity Act (FMFIA) Assurance letters. These letters neither discussed the Children's Health Initiatives nor disclosed any material weakness in the program. The letters mentioned various Region 2 actions to improve oversight of assistance agreements. These actions are discussed in Chapter 3 of the report. Our fieldwork was performed from April 1, 2000 to June 20, 2000. Subsequently the Region provided additional documents which were reviewed while writing the draft report.

Prior Audit Coverage

The OIG has not previously conducted any audits of this new program. However, during the last three years the OIG issued many audit reports regarding administration and oversight of assistance agreements. Below is a brief summary of certain audits. Corrective actions have included system changes such as the Agency's new post award monitoring strategy.

1. The Center for Chesapeake Communities (CCC)
(9100117, March 31, 1999)

EPA awarded a non-competitive cooperative agreement to the CCC without adequate justification which created an appearance of preferential treatment. EPA also awarded cooperative agreements to intermediaries, which in turn awarded service contracts. The CCC acted favorably when a contractor absorbed certain costs for incorporating the CCC. This appearance of a conflict of interest should have precluded award of the contracts. Neither the CCC nor its contractor had financial management systems to properly account for Federal funds.

2. Grants Awarded to the Center for Environment,
Commerce & Energy (9300006, February 17, 1999)

EPA awarded two grants with identical workplans, but expected different work products. One grant was awarded

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by the Region III Chesapeake Bay Program Office and the other by EPA's Office of Environmental Justice. The workplan was not adequate for either grant and contributed to both offices receiving unsatisfactory products.

3. Pre-award Management of EPA Assistance Agreements (8100256, September 30, 1998)

Project officers did not always develop a well-defined workplan, adequately determine and document that costs were reasonable, or prepare decision memoranda which contained all information required to support award recommendations. Neither project officers nor program officials reviewing and signing assistance approval documents followed established guidance.

4. Assistance Agreements Awarded to National University of Continuing Education Association (NUCEA) (7100297, September 24, 1997)

NUCEA was to provide lead detection and abatement training. The audit found that significant improvements were needed in training procedures. For example, of 6,134 people EPA paid to train, 20 percent were not in lead detection and abatement occupational fields. Also, EPA paid fee waivers totaling \$237,000 without receiving any benefit. Project officers did not adequately monitor the assistance agreements.

5. EPA's Environmental Justice Small Grants Program (7100247, July 30, 1997)

The Office of Environmental Justice (OEJ) and the Regions needed stronger program and grantee accountability controls. Regional project officers did not actively monitor project execution or use final reports. Neither the Regions nor OEJ could determine successful grants because they did not conduct substantive reviews of final reports.

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6. EPA Assistance Agreement Awarded to the Rural Community Assistance Program (7400013, December 3, 1996)

Improvements were needed to ensure EPA provides adequate oversight. EPA's file had little documentation to show that the required oversight reviews of planned events and costs were conducted. EPA should use site visits as a monitoring tool, but few were performed.

**Region 2's Management of Children's Health
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**CHAPTER 2
CHILDREN'S HEALTH INITIATIVE
REGION 2 PROGRAM EVALUATION**

In 1997 the Office of Children's Health Protection (OCHP) was created to work with EPA Headquarters and Regions, Congress, academic institutions, health professionals, community groups, parents and others. OCHP's mission was to make children's health protection a fundamental goal of public health and environmental protection. This mission was to be accomplished by coordinating children's health protection across the Agency, ensuring strong standards that protect children's health, using the best scientific research to protect our children's futures, and increasing public education and community outreach on children's issues. At the Regional level, children's health initiative actions were primarily managed through assistance agreements. We reviewed Region 2 agreements to determine if they were timely and fully accomplishing the expected environmental outcomes.

Region 2's children's health initiative made great strides in the last three years towards accomplishing its goals in line with EPA's overall mission. The Region (i) formed a Children's Health Workgroup; (ii) initiated a pilot project in Newark, New Jersey; (iii) increased use of Indoor Air Quality (IAQ) plans in schools; (iv) formed partnerships with institutions, agencies, and community organizations; and (v) funded children's health projects in New York, New Jersey and Puerto Rico. During this period Region 2 awarded 44 assistance and interagency agreements totaling about \$3.5 million for children's research, training and outreach activities. Although these awards increased public education and community outreach, further actions are needed to ensure EPA projects are timely completed and yield significant benefit to children.

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or standards address children's unique risks presented by environmental health or safety threats; address government activities that might have an environmental health or safety impact upon children; and assist parents in evaluating children's environmental health and safety risks. OCHP chairs an EPA Board on Children's Environmental Health to integrate activities that will be protective of children, identify children's health initiatives, and disseminate lessons learned. The Board serves as a resource for planning activities designed to assure sufficient program and Regional resources are available to adequately protect children's environmental health.

OCHP is divided into three teams. The *Regulatory Team* provides a focal point for customers working to improve regulatory systems to better protect children's health. The *Science Team* works to improve children's health through research on children's risk issues and development of scientifically sound public health environmental policy. The *Community Affairs and Outreach Team* serves customers who promote children's health protection through public information, education, and training. This team's specific responsibilities include:

- Expanding action on children's environmental health risks by identifying successful outreach efforts that can be duplicated, lessons learned that can help others avoid potential pitfalls, and assisting program and Regional offices in forging links with external partners and communities to implement programs;
- Working with the Office of Environmental Justice, other program and Regional offices, and other stakeholders to ensure the regulatory system better protects children from environmental health risks;
- Providing an EPA framework to evaluate and show progress towards children's health goals; and
- Serving as primary contact for EPA and other Agencies on children's environmental health issues.

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The Government Performance and Results Act (GPRA) requires annual performance plans and reports. These plans express objective, quantifiable, and measurable goals; establish performance indicators to be used in measuring or assessing relevant outputs, service levels, and outcomes of each program activity; and provide a basis for comparing actual program results with established goals.

Starting March 31, 2000 GPRA requires each Agency to submit an annual program performance report which includes performance indicators established along with actual program performance achieved as compared to established goals. If a performance goal was not met, the report will explain plans and schedules for achieving the goal, and whether the goal was impractical or infeasible.

EPA's 1999 Annual Performance Goal #62 was to evaluate five EPA regulations to ensure they were protective of children's health. However, EPA's March 2000 performance report noted reviews were not completed, but evaluations of eight regulations were to be completed in FY 2001. The report recognized much work was needed to address risks from environmental hazards, and noted OCHP milestone dates. In FY 2000 EPA will evaluate the Child Health Champion Pilot to learn about community needs for protecting children's health, and develop the Children's Health Valuation Handbook.

The OCHP Director's May 5, 2000, "Indicators of Children's Environmental Health" stated it is important to develop measures of EPA's progress in achieving environmental health protection of children and a basis to identify future priority areas. An important part of measuring EPA's progress and identifying additional efforts is tracking measures of children's environmental exposure and health outcome. The OCHP and Office of Policy, Economics and Innovation will develop a report focusing on children's environmental health indicators.

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three years' children's priorities and overall goals, strategies and tasks through which children's activities will be coordinated, and the outcomes. Region 2's goal was to improve children's health by implementing environmental programs that will yield significant benefit to children. To achieve this goal, the Region's three-tiered approach was to implement activities identified on a national basis as priorities in reducing threats to children's health, conduct a pilot program to identify the most critical environmental threats impacting children's health, and implement activities to reduce risks identified during this assessment.

Region 2's Children's Health Workgroup was to coordinate activities, share information, and work on cross divisional activities. Regarding indoor air pollution, the Region planned to (a) support education of effective asthma intervention and management practices, (b) support intervention projects to reduce/eliminate exposure to indoor pollutants, (c) form partnerships with research institutions, other agencies, and community organizations, (d) increase school IAQ management plans and develop plans for Puerto Rico and the Virgin Islands, (e) work through cooperative partners to reduce smoking exposure in the under 6 age group, and (f) target hospitals and physicians to reach newborns and parents regarding environmental tobacco smoke (ETS) health threats.

The Region recognized performance measurement would be difficult and many improvements would be measured at the national level. Regional performance measurements included a 20 percent reduction in children's asthma hospital admissions, 10 percent increase in the number of the Region's schools that would adopt good IAQ practices by 2005, and a decrease in children's blood lead levels. Region 2's 1999 Memorandum of Agreement with the Office of Air and Radiation noted specific Radiation and Indoor Air Branch (RIAB) performance measures. For example, under Indoor Environments, Headquarter's overall objective is that by 2005, 15 million more Americans will live or work in homes, schools, or office buildings with

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healthier indoor air than in 1994. The performance goals are that 850,000 additional people will live in healthier indoor environments, and 1,600,000 students, faculty and staff will experience better IAQ in schools.

Region 2 developed performance measures (commitments) to address this area for FY 1999. Specifically, RIAB will:

1. Continue to encourage IAQ Tools for Schools implementation so that 25-50 additional Region 2 schools will have documented implementation.
2. Capitalize on media campaign to reduce smoking where children reside, and conduct followup outreach to continue progress toward reducing by 195,000 the number of children exposed to ETS in their homes. Region 2 and the New York State (NYS) Lung Association will target day care centers/maternity wards to reduce ETS exposure.
3. Support innovative intervention techniques to combat indoor environmental causes of asthma.
4. Support community empowerment to deal with increasing asthma rates and education for residents on common asthma indoor environmental triggers.

Measurement #1 will be discussed later in this chapter. Regarding measurement #2, the Regional Administrator informed the media to air a recent ETS public service announcement, and the NYS Lung Association is working with the Office of Children and Family Services to provide the ETS day care module. Also, a grant with the Arthur Ashe Institute provided ETS and asthma education. To support measurements #3 and 4 RIAB funded five projects (\$695,000), and acted as PO for a large community-based Newark, N.J. project. An asthma educational video was also developed, a \$75,000 grant in Harlem was funded, and four presentations were made to local groups and schools. While the Region had an overall

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strategy and funded various asthma projects, specific performance measures have not been developed to determine the results of these efforts.

Projects Reviewed

We reviewed 16 Region 2 children's health projects awarded in the last three years (totaling \$2.3 million). Eight asthma projects (\$1.3 million) were managed by one PO, and three projects (\$662,000) pertained to IAQ areas. The Division of Environmental Planning and Protection's (DEPP), Radiation and Indoor Air Branch (RIAB) managed these 11 projects. We also reviewed three lead projects (\$300,000) monitored by the Division of Enforcement and Compliance Assistance's (DECA) Pesticides and Toxic Substances Branch (PTSB). Two projects were successfully completed, while the third was not as successful. We attempted to review two other projects. However, after interviewing many Region 2 officials, one project (PRASA Initiative) could not be identified, while the other one (Vega Baja) was a routine Superfund cleanup site where families were tested for lead. We do not see any unique actions specifically related to children's health in these two projects. (See Exhibit 1 for further details).

RIAB's dedicated personnel actively strived to implement the children's health initiative. For example, the Branch's New York City Childhood Asthma Initiative has contributed to decreased asthma hospitalization rates. Our audit focused on the activities of two hardworking and motivated POs. In addition to managing many agreements, these POs had many other duties and responsibilities (conducting training; coordinating other activities; and attending conferences, meetings, etc). One PO had concurrently managed 15 to 28 agreements in addition to other responsibilities. Although this hands-on individual made a valiant attempt to effectively manage her projects (including a major pilot project) this was a difficult task. As a result, many projects reviewed did not fully achieve the desired goals, objectives or results. The ensuing paragraphs illustrate partially successful projects and one project that appears to be very successful.

Region 2's Management of Children's Health Risk Initiative and Related Projects

The Child Health Champion Campaign

In 1998 EPA designed the Child Health Champion Campaign to empower communities toward protecting children from environmental health threats. EPA established a one-year pilot involving 11 diverse nationwide communities. Region 2's pilot program at the Newark Ironbound Section was to address in a significant and lasting way the need for information dissemination, early identification, and prevention and reduction of asthma triggers among Ironbound children. A Community Team identified children's environmental health problems, and set specific goals with measurable outcomes. The project goals were to increase understanding of environmental factors and children's asthma relationships; build high level community participation in activities that help ameliorate early childhood asthma detection and prevention problems; reduce asthma environmental risks; and reduce children's asthma affliction by raising awareness of environmental conditions. The Action Plan noted the following core elements.

1. An Asthma Information Referral Center.
2. Effective multi-lingual literature.
3. "Asthma Busters" train the trainers campaign that recruits and trains residents to conduct effective outreach and community based training.
4. Training and outreach on children's health related issues including asthma triggers.
5. A targeted study of at least 20 preschool asthmatic children to measure effectiveness of an intervention program.

Measurable Outcomes To Be Achieved

After a year of educating, informing, training and learning, measurable outcomes were expected. Based on monthly hospital reports and school records, the project expected a:

- 25% reduction in hospital emergency visits due to asthma for children 0-10 years old as indicated by hospital data from Zip code 07105.
- 25% reduction in school absences due to asthma in grades Pre-K to 5.

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Risk Initiative and Related Projects**

- 50% reduction in emergency visits to hospitals and pediatricians due to asthma for targeted study group children.
- 75% reduction in school absences due to asthma for children in the targeted study group.

Difficulties During
Implementation Stage

The Action Plan and Statement of Work (SOW) were to be implemented between September 1999 and August 2000. During the implementation phase the grant recipient faced significant difficulties and could not fully accomplish several planned tasks. Since delays in one area caused delays in related tasks, the recipient unilaterally revised subsequent workplan time lines. Dates for hiring a nurse, training asthma busters, and conducting a target study were changed, and followup of the target study family and child after 6 and 10 months was eliminated. The following chart shows the time line dates and tasks:

<u>Tasks</u>	<u>Revisions to Workplan</u>	
	<u>June 1999</u>	<u>Jan 2000</u>
Hiring the Nurse	May-June-99	Jan-00 (actual)
Asthma Busters	Aug-Oct-99	Jan-Nov-00
Identify 20 children*	Sep-Oct-99	To be completed by Feb-00
Followup Activities	Feb-00	Task Eliminated

* Including an additional 10-20 children for a comparison group, the total # of target study children should be 30-40.

Difficulties recruiting a nurse, a technical resource for the project and community day care center, caused initial delays. She was to conduct a clinical study, identify 20 asthmatic children for target study, collect monthly hospital reports, collect children's profiles, and followup child and family after 6 and 10 months. Since the nurse played a key role in most activities, progress was severely jeopardized until her January 2000 recruitment.

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Asthma Buster Recruitment and Retention

Problems in Asthma Buster (AB) training and retention delayed progress since they “were central to all efforts”. The project aimed to develop 10-15 teams of 2-3 ABs each (20-45 ABs) to provide information to 500 residents, and environmental risk and asthma trigger training for 100 families.

ABs were awarded \$25 stipends upon completing training, conducting a workshop, and distributing literature. As of May 2000 only \$1,350 of \$11,000 for the AB initiative was expended. As of June 2000 the project had only retained six ABs which adversely affected project accomplishment. The Project Coordinator acknowledged that the project would not meet the goals by August 2000, but hoped to have 10-15 ABs by the September 2000 training session.

Target Study Not Implemented

AB recruitment and retention problems caused significant target study delays because they play an important role assisting the Coordinator and nurse with the target study. Six months after the nurse was hired, the target study had not started. Initially, the project planned an intervention group of at least 20 pre-school asthmatic children to study asthma symptoms, environmental triggers and health outcomes (school absences, hospitalizations and emergency department visits). The EPA contractor's July 14, 1999 memo stated the target study outcome information and other educational interventions would be preliminary and weak. Also, results would not be very convincing, because an external comparison group was lacking.

To strengthen the outcome the recipient agreed to add a comparison group of 10 to 20 children. Project staff would measure results and compare outcomes for both groups. In December 1999, 20 children were identified, but after three months the number was reduced to seven. As of May 2000, children for neither group had been identified and the target study had not started.

The recipient also unilaterally eliminated the followup activity (planned for February 2000). As of June 2, 2000 the PO was unaware of this decision, and agreed it would

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not be feasible to conduct the followup task within the project period. The PO stated that the target study might have to be eliminated and EPA would settle for a lessor product, where the recipient would perform "something."

The EPA contractor acknowledged our concerns and rescheduled site visits. The contractor planned a March 2000 visit. However, because of problems recruiting ABs and the nurse, the visit was postponed to June. Moreover, due to target study problems it was rescheduled for July or August, when they hoped progress would have been made. If problems continued they would alert EPA for possible retooling activities. The contractor noted that Region 1's pilot project encountered problems, but it was timely redesigned and redirected to overcome difficulties.

Lack of Evaluation of Project Activities

A project evaluation team was required to monitor progress, and measure accomplishment of goals. Followups and quarterly monitoring of targeted families would measure program effectiveness on the frequency and severity of asthma episodes and school absences. Monthly team meetings were required to review Project Coordinator reports, assess progress, evaluate effectiveness, and propose modifications.

The project coordinator acknowledged as of May 2000, required evaluations and reports were not prepared. Although she claimed progress was evaluated during monthly team meetings, no meetings were held in the last few months. Ongoing evaluations would have determined if objectives were being met, and modifications (i.e. retooling) were needed. This would have been especially helpful for the delayed target study.

Progress Reports

Quarterly progress reports were required covering work status and progress; difficulties encountered; preliminary results; and subsequent period activities. Reports should discuss expected expenditures compared to percentage of the project completed to the project schedule, and explain significant discrepancies. From July 1998 through September 2000 eight reports were required. However, as

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of June 1, 2000 only four were submitted. These untimely reports did not always contain project status and other required information, overlapped time periods, and contained the same narrative as previous reports.

The January 1999 report was two months late. Although the format covered major aspects, it was not subsequently used. On June 1, 1999 the PO reminded the recipient to submit the second report and timely submit future reports detailing tasks completed, barriers encountered, contacts made, sums expended (and how), and future activities. The June 11, 1999 report included expenditures, but not upcoming activities. The third report was repetitious (February to December 1999) and lacked financial information or future activities. The last report (September to December 1999) had no financial information, upcoming activities, or difficulties encountered. We could not determine dates of the last two reports.

Personnel Expenditures

The PO had not reviewed financial information since the original budget data. Although the PO approved the original \$35,000 funding for \$7,800 (personnel) and \$25,102 (other costs), the recipient agreed to "submit an itemized budget detailing the Other category once project goals are determined." The PO never requested and the recipient never submitted this required information. However, without the PO's knowledge or approval, the recipient unilaterally reallocated \$19,543 from the Other category to increase personnel salaries (from \$7,800 to \$27,343). The PO stated she was not concerned with financial monitoring as long as the work got done.

The original budgets estimated \$7,800 and \$52,000 personnel expenditures. The first budget estimated a level of effort for one person (Coordinator). However, actual expenditures tripled and included increased efforts for four people. The second budget estimated expenditures for the Coordinator (\$25,000), Assistant (\$10,000), Translator (\$5,000) and Nurse (\$12,000).

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The recipient's time distribution system did not comply with required documented payrolls (actual employee activity) approved by a responsible official. The Coordinator transferred information from her appointment book to a "time sheet." However, the timesheet was incomplete, did not segregate EPA asthma work from other asthma activities, and lacked supervisory approvals. Also, the Executive Director and nurse amounts were based on estimated hours. For example, as of April 30, 2000 the recipient claimed \$4,000 of the \$12,000 budgeted for the nurse.

Status Updates

The PO's June 26, 2000 status indicated the project was successfully accomplishing certain goals. She believed Goal 1 was accomplished, community participation (Goal 2) would not be at a high level, and Goals 3 and 4 did not have predictable outcomes. EPA does not have a measurement aspect and outside of hospital reports (not being received) and the target study (which hasn't begun) "all we have is anecdotal reports."

The PO acknowledged the AB campaign was proceeding "slower than we hoped," the target study has not yielded results, the recipient will request a no cost time extension (NCTE), and delays and workplan changes are "par for the course when a project is not a contract." She concluded that if in the end the community's awareness was raised and there were "some reductions" in asthma symptomatology, "I would consider this to have been a very successful effort." The PO thought the outcome percentages were unreasonably high (first two goals unreasonable, and other two goals potentially reasonable). Also, the target study had not begun because recruitment had been unsuccessful, ("predictable in a community based project"). Finally, the PO believed the recipient's goals were extremely ambitious and OCHP officials should have rectified them during their review. Therefore, "lack of delivery on these goals is not surprising and is not the fault of the recipient."

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RIAB's July 17-21, 2000 Highlights noted the significant target study delays and a new plan was being formulated which would provide "some evaluation information."

- The target age will be expanded from 3-4 years old to children 12 and under.
- Rather than a study design, progress and symptom improvement will be evaluated from individual before-and-after comparisons.
- A home visit with followup and coordination will be part of the new plan.

The RIAB Chief's July 25, 2000 memorandum stated two goals were successfully achieved, and the third goal (asthma busters) should be fully successful after a NCTE was completed. The fourth goal (targeted study) contained "ambitious" measures, and "if we had realized this we would have cut back the expectations." He noted the fact that the recipient is revising the study strategy makes us believe they will make some significant progress toward being able to measure the success of their efforts. The Chief said if one were to conclude that one of the goals were not met, it was not as a result of grant management but because we were naive to believe the goals were achievable with the level of support we were providing. "I wish I could say we were 100% successful at this time with this grant, but I am not ashamed of 75%."

We do not fully agree with some of these observations. Regarding ambitious goals, RIAB's February 15-19, 1999 Highlights reported two PO meetings to work with the recipient "to develop measurable goals for asthma risk reduction." Also, OCHP's contractor would review "the measurable goals and potential for effective evaluation." In addition, OCHP on May 18, 1999 specifically asked the PO to determine whether the recipient had evidence that the anticipated outcomes would be so positive. Since outcomes were not revised, it appears that the PO and recipient believed they were achievable.

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Conclusion

Project monitoring needed improvement to assure work was proceeding according to the Action Plan. The PO was responsible for monitoring project progress, providing technical assistance, working with the grants specialist (GS) to assure compliance with terms and conditions, reviewing status reports and other products for timeliness and completeness, maintaining technical project files, and conducting periodic reviews. However, The PO acknowledged in June 2000 she had been very busy, had not reviewed the project file in a long time, and was unaware of many important issues that affected the successful completion of the project goals. Also, the PO's financial monitoring was virtually non-existent.

RIAB's recent PO and Branch Chief's updates and the July 17-21 Highlights indicate the Region and recipient are finally addressing the conditions noted. The project has not been, and we do not believe it will be, fully successful. We believe more effective EPA project management could have made the PO aware of problems, and appropriate retooling actions could have been taken sooner. Since the project period is about to end, planned Asthma Busters ("the campaign's link to the community") have not been recruited, the target study has not started, a control group has not been identified, the followup component has been eliminated, and a one year NCTE extension will be approved, we cannot understand how the Region can be happy with the success of this project.

Indoor Air Quality - Tools for Schools

EPA developed an *Indoor Air Quality - Tools for Schools* (IAQ - TFS) kit containing guidance to empower schools to prevent and resolve IAQ problems. The kit features forms, a checklist, video, and a problem solving wheel for tracking health related complaints of school building occupants. Since 1996 more than 30,000 kits had been distributed. EPA Headquarters directs the program through agreements with various associations, and is responsible for oversight and monitoring the IAQ - TFS program.

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A database had been established to record schools which received the kit, but there is no system to determine which schools actually implemented the kit.

EPA's Office of Air and Radiation's October 1998 Memorandum of Agreement with Region 2 stated that by 2005, 15 percent of the nation's schools will adopt good IAQ practices consistent with EPA's TFS guidance, and 1,600,000 students, faculty, and staff will experience better IAQ in their schools. It also stated that Regional performance measures would continue to encourage IAQ - TFS implementation so that 25-50 additional Region 2 schools will have "documented implementation" in FY 1999.

During FY 1999 the Region claimed documented implementation in 39 schools improving air quality for 20,000 children and staff. It also worked with New York City schools on a long-range plan to improve air quality, completed two pilots, and created specialized training through the IAQ - TFS Network. The Region believed IAQ - TFS implementation had not been successful during 1995-1996 because they assumed kits would be used. Therefore the Region changed its strategy and developed a program for schools planning to utilize the kit, accompanied IAQ teams conducting walkthroughs, and awarded agreements to implement IAQ - TFS in remote school districts.

The following minimum elements for successful IAQ - TFS implementation are the beginning of a systematic approach to improving a school's indoor environment.

1. IAQ Coordinator and/or Team established.
2. Walkthrough completed.
3. Checklist distributed and some returned, ventilation completed and teacher, maintenance, and renovation begun.
4. Management plan developed which identifies major issues and priorities, and repair schedule set.

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WNYCOSH IAQ - TFS

Two IAQ - TFS grants were awarded to the Western New York Council On Safety and Health (WNYCOSH). On September 1, 1998, grant X992924-01 (\$20,000) was awarded to oversee TFS implementation in six Buffalo, NY schools from October 1, 1998 to September 30, 1999. The consultant was to spend 15 hours per school for walkthroughs, data review, training sessions, report preparation, presentation of walkthrough results, and followup assistance. This project was to assist schools in preventing and addressing IAQ problems by implementing seven workplan steps. Quarterly progress reports and a final report of project accomplishments were required.

Eight months after the project started the PO requested the "quarterly" progress report. On June 22, 1999 WNYCOSH submitted the first report and a 60-day NCTE to November 30, 1999. The extension was necessary because the grantee included more schools than planned, and walkthroughs were not completed. EPA extended the project to April 2000 because of the project's apparent success. The final report was submitted on April 24, 2000. As of August 7th the project has not been closed out.

Step 4 required a checklist data review, hands on walkthrough of problem areas, and an IAQ team meeting to communicate findings of the building walkthrough. Step 5 entailed the consultant's Technical Report analyzing walkthrough data and recommendations for abating problems. Step 6 required discussing the report findings and data analysis with each school's IAQ Coordinator, staff, parents and interested constituencies; recommending areas that require attention; and addressing an action item list. Step 7 required the Coordinator and team to develop a schedule for maintenance and repairs identified in the walkthrough and followup on problem areas.

Wilson District - 4 Schools

WNYCOSH did not fully complete steps 4, 5, 6, and 7. Step 4 checklist data was reviewed, but hands-on training walkthroughs focusing on problem areas and generating actual data was not conducted, and the technical report was

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not written or presented (steps 5, 6, and 7). WNYCOSH (no evidence of PO's approval) deviated from the work plan and provided assistance to the school in developing skills for a management plan. The PO was unaware of this until we brought it to her attention.

Starpoint District - 4 Schools

Although work plan steps, including preparing and presenting the technical report, were performed for the Friano Elementary School, no reports were prepared or presented for the remaining three schools. Also, no documentation was available to determine if walkthroughs were conducted or problems identified.

Waterfront District - 1 School

TFS checklists were distributed, but only three checklists were returned. A new IAQ team was formed; checklists were redistributed; checklist data was reviewed and summarized; and a walkthrough conducted. Although the walkthrough identified many issues a technical report with corrective actions was not prepared, no presentation was made, and no follow up conducted. The grantee offered "on-going assistance" in setting up a management plan and would subsequently meet with the team.

Salamanca District - 4
Schools

Checklists were distributed to the Middle School, a new IAQ team was created and IAQ coordinator/team training was set. In January 2000 checklists were distributed, an Elementary School walkthrough was conducted, and team members reviewed IAQ complaint procedures developed by other schools. However, no reports were prepared for any of the four schools.

Batavia District - 5 Schools

The final report noted more than 11 hours were expended for training and meetings, but the grantee was unable to complete the TFS program in any of the five schools.

Bennett Park District - 1
School

Checklists were distributed, data reviewed, and a walkthrough conducted. Although problems were found (water leakage, moisture problem, poor housekeeping, improper classroom storage, concern with paint fumes for newly painted area, etc.) no reports were prepared.

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presented, or follow up, activities conducted. The project was completed in October 1999.

Subsequent Grant

On September 25, 1999 another grant (\$15,000) was awarded to implement TFS in four schools (actual number would be higher since they would work with the Rochester School District). Interestingly, work plan steps 5 and 6 (writing and presenting technical report) which had not been fully performed during the first grant, were modified. Step 5 stated that *if enough data is generated from the walkthrough training*, the consultant will write a report analyzing walkthrough results with recommendations.

PO Memorandum

As a result of OIG audit concerns the PO's June 27, 2000 memorandum acknowledged the workplan required the consultant to analyze walkthrough data and make recommendations for abating IAQ problems. The memorandum stated that the status report indicated in the first district, not enough data was generated to write a detailed report because these schools did not have significant problems that needed formal abatement. Our review of this report noted the statement, "not enough actual data was collected to generate a written report" (emphasis added). The report did not mention the specific problems identified. The PO's explanation was a "technical report of data analysis" was not needed.

The PO further stated that WNYCOSH informed her that a technical report would only be prepared where enough data was generated, or problems were serious. The PO stated this was acceptable, although there was no prior written approval for this workplan change. The PO acknowledged the grantee's final report included only one technical report for one school where serious problems were found. She indicated this was done with her "knowledge and prior approval." These statements significantly differ from the PO's prior comments to the OIG.

Contrary to the definition of implementation, RIAB's July 25, 2000 memo stated they made "appropriate trade-offs"

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to get more schools to implement the TFS kit (underlying GPRA goal) at the expense of not having management plans for schools which implemented TFS, and did not have problems requiring management plans while discussing "actual implementation." An EPA Headquarters official stated the plan must be developed identifying and prioritizing issues (irrespective of the magnitude), and scheduling corrective actions.

Conclusion

The project was completed by March 2000 and the final report submitted on April 24, 2000. The grantee believed the project had been far reaching because it worked with five districts, which represented 19 schools. EPA was also very satisfied with the apparent success of the project because it believed the grantee actually *implemented* TFS in 19 schools. However, we have concerns because four of seven important work plan steps were not fully performed for all schools. In addition, the final report acknowledged that in one district (Batavia) the TFS program was not completed in any of the five schools. Although EPA might have gotten its "bean count" for 19 schools, the primary objectives of assisting the schools in identifying, preventing and resolving IAQ problems were not fully met.

The lack of accomplishment was primarily caused by inadequate post award monitoring. During the 18-month period the grantee only submitted one progress and a final report, which the PO had not timely or adequately reviewed. Moreover, the PO was unaware of the grantee's non-performance or deviation from certain work plan steps until we brought it to her attention. She stated those steps were not critical and would request WNYCOSH to submit a statement that these steps were not done.

NIAID - Hunts Point IAG

On September 29, 1997 EPA initiated an IAG (\$103,650) with the National Institute of Allergy and Infectious Disease (NIAID) from October 1, 1997 to September 30, 1998 to supplement an ongoing Inner City Asthma Study (ICAS). A NCTE extended the project to September 30, 1999. Prior to the award the PO contacted the parties to concur

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on a project that EPA could fund. As September 30th approached, EPA rushed to get an award approved.

The original scope of work attached to the IAG was "An Environmental Intervention in Homes of Inner City Children with Asthma." Environmental intervention of 12 months and home visits was to take place within 2 weeks of the baseline home evaluation, which would follow the baseline clinical evaluation conducted at the Bronx Asthma Study Unit (ASU) research center. Allergy skin tests would determine whether children have been sensitized. Intervention specialists would make 3 home intervention visits during the first 3 months of the intervention year and then quarterly visits for the remaining 9 months. Repeat home evaluations would be conducted 3, 6, and 12 months after the baseline evaluation to assess outcomes. Outcome assessments were to be completed on environmental intervention; environmental tobacco smoke mitigation, irritant chemical mitigation, cockroach mitigation, cat and/or dog mitigation, dust mite mitigation, rodent mitigation and mold mitigation.

The Bronx ASU (Albert Einstein College of Medicine at Jacobi Medical Center) would use EPA funding to replicate ICAS environmental intervention in Hunts Point. Eligible children will be identified from asthma-related admissions and visits to Lincoln Hospital and then recruited for study enrollment between intervention and control groups.

The Region's response provided additional events prior to the project award and the change in the original plans. It acknowledged that the project plan failed, Einstein College encountered difficulties implementing this plan, and in October 1998 they proposed another plan (collaborating with the NYC Department of Health Asthma Initiative). The PO orally approved the new plan, but it was not until January 1999 that she received documentation of the new project plan.

Revised Scope of Work

In the latter part of 1998 the PO became aware that the

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original scope of work had been significantly revised even though a proposed budget for the “slightly revised” project was faxed to her on September 25, 1997. The new project, Targeting the Environment for Asthma in Hunts Point, revised scope was transmitted to the PO on January 6, 1999 (15 months after the award). She reluctantly accepted the change detailed in Jacobi Medical Center’s document to NIAID. To date EPA has not amended the project scope.

An August 3, 1998 Amendment extended the budget period to September 30, 1999 as the ICAS work had been delayed for technical reasons. The Amendment “will permit the Region to fulfill activities we have previously committed to” (emphasis added). These statements clearly relate to the original statement of work activities.

On January 13, 1999 (3½ months after the IAG expired) the PO realized the recipient never signed the August 1998 NCTE Amendment (finally signed on February 3, 1999). On May 3, 1999 the grants specialist (GS) asked the PO if the revised September 30, 1999 date was reasonable and will another extension be necessary. The PO responded that no extension was necessary and “the end date at this point seems reasonable.” More than 14 months later the project continued without a further NCTE. We were subsequently advised that on August 24, 2000 another NCTE was issued to extend the project period to December 31, 2000. As of December 11, 2000 the recipient had not returned the confirmation letter.

On February 12, 1999, 16 months after the award, Jacobi Medical Center personnel finally sent the PO a narrative description of the project. The PO currently states this project leverages the experience and sources of the Jacobi Medical Center group, and the New York City Department of Health’s asthma intervention network, using 30 homes participating in the Asthma Initiative’s program. The City will perform intensive asthma education. The Jacobi Medical Center group will perform ICAS baseline home evaluation, minus air sampling, in 30 asthmatic homes,

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analyzing dust samples for allergen levels at different project stages, and collect asthma morbidity data.

The recipient's May 10 and September 22, 1999 interim reports noted problems recruiting and completing baseline activities. As of May 10, 1999 only 14 families completed baseline home evaluations, and the study accrual has been slower than anticipated. Also, Hunts Point staff insisted on accompanying recipient staff on home visits. Therefore, scheduling followup visits became more complicated and involved specific coordination. The recipient had to recruit new families to replace those deactivated prior to completion of baseline activities.

There was a lack of communication and coordination between EPA's PO, NIAID and the medical group. As of May 16, 2000 the PO was not sure of the project status. On numerous occasions she requested information from NIAID, but had not received any response. The PO said this was a difficult project since she could not contact Jacobi Medical Center doctors to discuss project issues.

On June 13, 2000 the medical group stated that the original scope of work attached to the IAG **"was a very early draft for discussion purposes. There was no agreement on the scope of the work by our group in September 1997."** Although EPA's PO and GS believed the original scope of work was finalized, the group responsible for the work totally disagreed. As a result, there was no approved work scope at the time of award.

Decision Memorandum

GCMB's September 30, 1996 guidance requires a decision memorandum before awarding an IAG which includes:

- A description of the project's objectives and explanation how the IAG will accomplish them.
- If the funded work is part of larger project, the description should be clear as to which parts of the work are funded by the IAG.

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- A determination that the cost of the work is reasonable based on an independent cost estimate or other appropriate EPA cost information.
- Assurance that all technical and scientific measures will be performed in accordance with an approved Quality Assurance Plan.

The August 29, 1997 decision memorandum did not address these areas. In fact, the PO's September 19, 1997 memorandum contradicts using an IAG: "Since EPA is no longer actually supplementing the Inner City Asthma Study, which was our plan and was the reason for having done this as an IAG in the first place, next year if we secure repeat funding we will give it to Einstein in the form of a grant."

Status Reports

The PO was not sure of the project status. The original 12-month project (October 1, 1997 to September 30, 1998), extended to September 30, 1999, is still incomplete and no further extension has been granted. The recipient has estimated the project completion date as September 30, 2000 and has been paid the full amount of \$103,650.

No required status reports were submitted from the award date until May 10, 1999 (almost 20 months). The three untimely submitted reports (May 10, 1999, September 22, 1999, and March 24, 2000) lacked relevant technical information, activities or reference to the scope of work; omitted expenditure information; and had no indication of PO review. If the PO had requested timely and detailed status reports she could have been aware of current activities.

Special Condition

This IAG included a Special Condition that the recipient should hold monthly telephone consultations with EPA's PO. On May 16, 2000 the PO indicated she was unsure of the project status and requested information from the recipient, but has not received any return phone calls. There is no indication of compliance with this condition.

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Financial Monitoring

The PO did not monitor the financial status or review any expenditure data. The PO approved payment invoices on May 12 and August 19, 1999 without reviewing supporting cost documentation. The PO said the GS was responsible for financial matters. On May 30, 2000 the medical group informed the OIG that salary costs claimed were based on estimated percentages of time budgeted (actual time distribution records are not maintained). Comparing the original budget to the latest submission indicated percentage variances allocated for three of five personnel categories. For example, the research assistant budgeted amount was 15 percent (total salary \$3,323). However, the June 20, 2000, budget submission revised the research assistant expenditure to 40 percent (total salary \$13,449).

IAG Closeout

Between January and April 2000 GCMB requested the PO's status for closeout of the expired (September 30, 1999) IAG. On May 4, 2000 GCMB informed the PO that the agreement expired and asked how long it would take to finish the project, and whether it should be extended. As of June 2000 the project period had not been amended. RIAB's August 7, 2000 Grants Matrix indicated the project will close on December 31, 2000.

Conclusion

This IAG was awarded without a final approved workplan, and the original 12-month project period is now estimated to be completed 33 months after the project start. There were untimely and inadequate status reports, no financial monitoring, and non-compliance with the special condition requiring monthly telephone consultations.

After we informed the PO of our concerns on June 26, 2000 she prepared a project status update. The PO stated that although she approved the original workplan, she was aware in July 1997 that "EPA's money needed to be used for another purpose." An alternate plan was developed, and we saw it first in October of 1998" (emphasis added). This statement shows that improved communication and coordination was necessary in managing the various projects' scope of work. The memorandum describes

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revised workplan activities which duplicates Dr. Crain's May 30, 2000 progress status update presented to the OIG. This information was not previously submitted to the PO.

The Region's response noted that the OIG critique of this project was accurate on many counts such as the convoluted paperwork and unsatisfactory level of iteration with NIAID. Despite our concern we believe that when completed, this will be an effective project and a good use of EPA funds.

**Rutgers Training Center
IAG Amended Nine
Times**

In FY 1991 Region 2 entered into a \$51,000 IAG with the US Department of Agriculture - Rutgers University Training Center for IAQ training. Between FY 1993 and FY 1996 six amendments were approved for a total of \$212,761 for additional IAQ training.

On September 30, 1996 Amendment 7 (\$25,000) expanded IAQ programming to include inner city schools (IAQ Investigation of PS 48). Phase 1 involved examining building conditions to report all findings. Phase 2 entailed IAQ - TFS workshops. The budget period was October 1, 1996 to September 30, 1997. On July 14, 1997 another Amendment 7 was approved (\$35,000) for a distinct project, English/Spanish Video on Integrated Pest Management (budget period October 1, 1997 - September 30, 1998). The PO or GS were not aware of the duplicative Amendment 7's. However, the GS corrected these Amendments in August 1999 when a NCTE was issued and after the PO became aware of this problem. As of November 16, 2000 the Spanish version of the video had not been finished, since Region 7 is completing the translation. Also, the remaining funds will be used to purchase and distribute additional video copies.

On September 24, 1997 Amendment 8 (\$58,059) added another distinct project (Radon Tech Support and Training For New York and New Jersey) from October 1, 1997 to September 30, 1998. Amendment 9 (\$245,000), approved with Amendment 8 (same budget period), was entitled IAQ TFS/Hands on Training and School Walkthroughs in Regions 2, 3, 4, 5 and 9 school buildings.

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No Cost Time Extensions
(NCTEs)

On July 28, 1998 EPA's program office requested a NCTE (Amendment A) to September 30, 1999 since the Training Center had not spent the existing resources. Another NCTE to September 30, 2000 (Amendment B) was requested and approved on August 20, 1999 because the Training Center "has not yet had adequate time to spend the existing resources. Assisted building walkthroughs and the development of an asthma triggers video will result from this extension." The NCTE related to the Amendment 7 and Amendment 9 projects. Amendment B also adjusted the IAG amount to \$626,836 due to the error in awarding two Amendment 7s.

The Region's response noted that the recruitment of schools had been slower than anticipated, and rushing to complete the project in late Spring or early Fall would have resulted in a less satisfactory product. The NCTE resulted in a 25 percent increase in the number of schools to be counted in the GPRA goal.

IAG Should Be For A
Distinct Project

PO responsibilities outlined in the Office of Administration and Resources Management's (OARM) "Managing Your Financial Assistance Agreement" and Resource Management Directives System (RMDS) 2550-C-04 state each IAG should be for a distinct project with a closely defined objective or work product. Agreements may not combine separate projects, or include unrelated activities that do not serve the same objective. We believe this IAG erroneously combined several distinct projects.

Financial Monitoring

RMDS 2550-C requires the PO to monitor IAGs. The responsibility includes monitoring EPA's receipt of goods or services, and reviewing detailed cost information required of the Agency providing goods or services. The PO must also review the other Agency's payment requests. Each IAG includes the following condition:

When requesting payments, a breakdown of the cost associated with billing request must be provided to the PO. This information should be adequate to

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allow the PO to determine that costs billed to EPA are necessary and reasonable. If information is not provided, the PO will notify the Financial Management Division to suspend or charge back the payment.

The PO neither complied with this condition nor reviewed any cost information prior to approving payment requests. For example, the PO approved the August 10, 1998 payment requests for \$303,068 on August 17, 1998 without reviewing cost documentation. As a result EPA had limited assurance that funds were spent for the intended purpose.

Conclusion

We do not believe this IAG should have been amended nine times for non-related projects to increase the amount to \$626,836. Also, the PO should have reviewed cost documentation before approving payment.

This IAG should not have included four unrelated amendments (\$363,069). New IAGs or other agreements should have been issued for these distinct projects to ensure better accountability. Adding new projects caused additional problems. For example, it wasn't until July 1999 that the Region realized two Amendment 7s were issued for separate projects (\$25,000 and \$35,000) and award documents had not accounted for \$35,000. Also, the recipient requested two NCTEs to extend the period from September 30, 1998 to September 30, 2000 and a third NCTE might be needed to complete committed work. As of August 7, 2000 neither the walkthroughs nor the Spanish version of the video had been completed.

Amendments for separate activities impacted the Rutgers Training Center's financial accountability as noted in its February 21, 2000 status report. For example, its general operating account was overdrawn by \$10,000. Its IAQ - TFS account (Agreement X99297-01) expenditures were erroneously charged to a different EPA agreement, and journal entries and salary adjustments were made to correct this mistake. Various IAG amendment amounts were

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consolidated in Account 4-24372 (EPA IAQ Training)
“where the bulk of the problem exist.”

This account covers four Amendment workplans. Direct and indirect expenses were erroneously charged to this account rather than other EPA and non-EPA accounts. For example, EPA's IAG account was erroneously charged for salaries in an agreement between Rutgers and New Jersey. These errors were corrected prior to the OIG audit.

Camden - Asthma & Lead Abatement

On September 15, 1999 EPA was requested to fund an asthma and lead abatement project in Camden and Philadelphia. The next day the PO noted that the applicant had “not worked out a lot of details” and EPA would “need a revised workplan by November 15th.” On September 27, 1999 the Region awarded a Cooperative Agreement (\$253,551) for the period October 1, 1999 to September 30, 2000. After the award many problems surfaced.

The PO had not approved the workplan and time line, and constantly reminded the recipient to submit these documents. The recipient's principal investigator (PI) constantly provided excuses for submitting untimely or incomplete documents. For example, the November 1, 1999 time line noted three activities (hire program coordinator by November 29, 1999, initial launch by December 15, 1999, and begin training by January 5, 2000). These dates were not met.

On November 16, 1999 the recipient submitted the first proposed workplan, which EPA rejected. On December 16, 1999 the recipient apologized for the project proceeding at such a slow pace. Another revised proposal was submitted on January 10, 2000. Also, the recipient notified the PO that the launch date would be further delayed, and they were still seeking a program coordinator.

On January 31, 2000 an EPA official informed the PI: “I am having a crisis of confidence, not over this incident but over a larger pattern. My bottom line question is can you handle this project? There is money involved, deadlines,

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receipts and your word has to have credibility.” During March another draft workplan was submitted and the PO sent a letter to the PI regarding his ability to handle the Camden project, based on “consistently missed deadlines, failure to finish a workplan, and not consulting with us on issues we requested.” The letter requested a meeting to discuss proposed dates for all activities. At the April 10th meeting the PI promised to submit a new workplan, estimate, budget breakdown and time line by April 24th.

Another revised proposal was submitted on April 14, 2000, but EPA officials were not satisfied. In May 2000 EPA and the recipient terminated the services of the PI because of the problems described and a new workplan was finally approved. As a result, eight months have gone by without any substantial activities being performed.

The RIAB Branch Chief's July 25, 2000 memorandum agreed this project was rushed to be issued by September 30th. The Branch did not have the ability to get a workplan in place prior to the award since the original grant support and schedule was dictated from outside the Branch. The Chief believed “we did the best we could with what we had when we had it.” Finally, eight months after the award, the project has a workplan and a project manager, and will be extended for one year.

Montefiore - Asthma

On August 20, 1998 EPA approved a grant (\$80,000) to Montefiore Medical Center from September 1, 1998 to August 31, 1999. EPA subsequently approved an amendment for another \$80,000 and the project period was extended to August 30, 2000. The purpose of study was to develop interventions to improve the health of severely asthmatic children by enrolling 30 families. Only two of six required status reports were submitted as of May 2000. The recipient experienced difficulties in recruiting candidates for the study. In March 1999 the recipient informed the PO that recruiting effort increased and there was “renewed hope that we'll meet our commitment.” The latest status report (May 3, 2000) indicated that a key

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person left, and another person left but recently returned. Employment problems continued, involving coordinating activities and recruiting and enrolling subjects. Despite altering entry criteria which would result in a trade off, the recipient was still largely unsuccessful in recruiting subjects over the past 18 months (only 18 children in 14 families from the 30 targeted). The recipient made concessions to enlarge the potential pool (i.e. lowering history severity of the disease). As of the date of our review it appears that the project will not be fully successful and a NCTE until August 30, 2001 will be approved.

The Region's response noted that recruitment for this study was difficult, the Project Manager displayed flexibility and intelligence and modified the process, and through these recent modifications the project is now fully successful.

Puerto Rico DOH

On September 23, 1996 the Puerto Rico Department of Health (DOH) submitted an application to hire a coordinator to address asthma prevalence, consistent with the Catano Workshop recommendations. The coordinator was to implement a plan, develop and evaluate data related to accomplishing the plan objectives leading to concrete recommendations, and identify shortfalls and recommend actions. On September 27, 1996 a cooperative agreement (\$58,500) was approved from October 1, 1996 to September 30, 1997. EPA requested a waiver from the Intergovernmental Review Process due to the untimely application submission since Region 2 "must execute this award by October 1, 1996 or funds may be rescinded." Status reports were sporadically submitted between January 1997 and March 1999. Two NCTEs were approved to extend the project from September 30, 1997 to September 30, 1999, and the PO was unaware that a final report had not been submitted until informed by an OIG auditor. This project had significant problems from recruiting activities, purchase of office equipment, resignation of original coordinator, and untimely completion.

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Between May and July 2000 the PO tried to locate the missing final report to close out the agreement. On August 7, 2000 the Branch Chief advised that the recipient finally submitted the final report which will be reviewed by the PO. The PO and Branch Chief acknowledged this was not a successful project.

The Region's response provided additional details regarding the unqualified person filling the asthma coordinator position. It agrees this was not a successful project, but was not a result of inadequate project monitoring. We emphasize that improved project monitoring could have negated many of the problems noted.

Montefiore Lead Busters

On September 26, 1997 EPA Headquarters awarded a \$249,720 grant to Montefiore Medical Center to develop a self-sustaining community-based outreach program to eliminate lead poisoning in high risk New York City neighborhoods. This Community University/Partnership (CUP) grant was monitored by Region 2's DECA-PTSB. Community volunteers (lead busters) will be trained to perform outreach efforts by disseminating information.

The recipient's efforts have met many project goals and objectives. However, problems have been encountered especially in recruiting lead busters to perform outreach actions, and replacing the co-principal investigator. The eventual replacement was simultaneously handling two functions which caused project delays.

Initially, 30 lead busters started to be trained, but only 15 completed the required courses. Currently, only 6 lead busters are available, training at the Manhattan site has not commenced for at least nine months, and all future recruiting has ceased. The Principal Investigator does not believe the project will be self-sustaining without future EPA funding. The OIG as well as the PO are concerned that the original workplan did not have measurable goals to determine project success. Measurable goals might include such items as conducting 50 training sessions, conducting

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one hour presentations to 5,000 people, or sponsoring a health fair expecting 1,000 parents and children to attend.

IPM - Lehman Houses

The following illustrates a successful project due to the PO's and recipient's outstanding efforts.

On September 17, 1998 a cooperative agreement was issued to the New York City Department of Health for \$159,454 (matching funds of \$127,540) for the period October 1, 1998 to December 31, 1999. The application provided a detailed statement of work to implement Integrated Pest Management (IPM) practices in the New York City Housing Authority (Lehman Houses).

A detailed budget showing the level of effort for 13 individuals and other consultants was presented. The terms and conditions required quarterly progress reports and a final report. The final report must include a project overview including completed workplan activities; project successes, including how problems were overcome; activities not fully accomplished, and any substituted activities; methods to be used to disseminate project information or continue benefits of the project; and materials generated (workshop announcements, newspaper articles, pamphlets). On September 24, 1999 a continuation agreement for \$157,404 (\$81,871 matching share) was issued to continue funded activities.

The project progressed in an efficient manner. The January 20, 1999 project team meeting discussed initial steps at the Lehman Houses "intervention" and "control" buildings. The intervention building would undergo intensive IPM inspection, maintenance, etc. The March 1, 1999 progress report and Highlights noted project activities ("residents are enthusiastic, project team is motivated, and entire effort is becoming increasingly focused"). On April 16, 1999 the recipient (based on a PO request) submitted a preliminary expenditure report noting completion of most preliminary project stages, and recipient and consultant expenditures. Since the recipient had not submitted an April 1, 1999

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progress report, the PO's June 1, 1999 letter reminded the recipient of this matter. At the June 2, 1999 project team meeting the current areas of concern were discussed. The November 17, 1999 and April 17, 2000 progress reports discussed specific workplan activities.

On May 18, 2000 the recipient provided an overview of projects goals and objectives, training efforts and accomplishments. To date, 90 apartments in the intervention building have been tested; 41 of 45 control building apartments have been completed. Success involving significant reduction of cockroach, mice, and pesticides use has been achieved (first year's goal). The second year goal is to receive similar treatment for the other 450 apartments. The project validated that IPM produces better results than pesticides. Currently, the recipient is completing the replication plan and final report, and the project will be extended to accomplish allergen sampling. We were recently advised that the New York City Council has agreed to fund replication of this project on a much larger scale.

Conclusion

The Region made great strides in initiating its children's health initiatives, but further actions are necessary. We acknowledge that all EPA funded projects will not always be fully successful. However, more effective post award monitoring and oversight should assure greater success in achieving a successful project. We have summarized eight projects which at the present time have not been fully successful, and indicated areas where the PO could have improved project management. We also included one project which appears to be achieving EPA's and the recipients's desired goals and objectives.

In Chapter 3, we will discuss the overriding issues that have contributed to the varying success that children's health initiative projects have achieved. We will also provide specific recommendations to improve the program.

Region 2 Response

The Region's November 16, 2000 response provided

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updated project information or clarified certain matters. For all projects other than the Child Health Champion Campaign Pilot and the Indoor Air Quality - Tools for Schools WNYCOSH projects, comments are provided in the appropriate section of the report.

Regarding the Child Health Champion Campaign Pilot the response stated this project was intended to test methods of reducing risk from environmental problems, and test outcomes to learn from program successes and failures. Success or failure of individual project activities did not indicate failure of overall program or individual site's goals. During the audit the target study was uncertain, recruiting methods were not successful, and the study lacked much statistical power because of the limited participants. On August 11, 2000 a revised target study was submitted to EPA which condensed the original plan, expanded the childrens age range from 3-4 years to 12 and under, and eliminated the control group. Although the revised version had a less rigorous evaluation component, the Region believed the project would indicate progress or lack of progress based upon the intervention methods, and that was a good start.

Although the PO and OCHP approved the grantee's numerical goals, EPA was somewhat unfamiliar with the realistic project expectations. Also, difficulties in recruiting participants (i.e., nurse), and conducting studies that do not include large incentives and require home and clinic visits were not unusual. Moreover, the grantee, a community-based, grassroots group with lower-budget operations, was inexperienced in performing outreach/intervention with a technical evaluation aspect.

Regarding WNYCOSH the Region concurred that portions of the IAQ - TFS kit and work plan elements were not fully completed , but believed the program had been largely successful. Steps were omitted because they were not important and "there was reasonable certainty that no IAQ problems were apparent." By omitting steps the grantee

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implemented IAQ - TFS in more schools which led to more risk reduction without placing an undue burden on the schools. Also, work plan steps were omitted with the PO's full knowledge and approval.

The response stated the success of any first-time grant (WNYCOSH) dealing with a voluntary program is dependent upon the grantee's flexibility to adjust and refine the approach as difficulties were encountered. WNYCOSH was one of the first organizations to pilot IAQ - TFS in school districts without significant EPA hand holding. The Region viewed this grant as a learning process, and lessons learned were addressed in subsequent agreements. The Region agreed that only one required quarterly report was submitted eight months after the project started, but did not view project management as a problem.

Regarding work plan steps 5 and 6 (writing and presenting a technical report) the Region stated that a report written for its own sake yields no benefit to the school nor improves the health outcomes for its occupants. The workplan was viewed as a "good faith effort" to capture IAQ improvements. Moreover, EPA's April 17, 2000 definition of implementation stated that a management plan should be developed identifying major issues, determining priorities and setting a repair schedule, but did not indicate a formal written report be prepared. Also, a walkthrough summary (not a formal report) could list major issues and priorities to be addressed, and many problems could be fixed during the walkthrough without a formal repair schedule. Schools without significant air quality problems did not need a management plan.

OIG Comments

We do not believe the Child Health Champion Campaign Pilot project's sole intention was to learn lessons, whether efforts were successful or not. Since Federal funds were expended to develop and implement an Action Plan with specific EPA approved goals, we should be more interested in accomplishments than lessons learned. We have no doubt this project will disclose many lessons learned. EPA must

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accept its share of responsibility and acknowledge that close EPA oversight is necessary for pilot projects to succeed. While it is understandable that difficulties could occur during the implementation phase, the project should have been more closely monitored from the beginning and immediate actions taken as difficulties occurred.

For example, on June 2, 2000 (five months after implementation) the recipient's coordinator realized the project was not progressing as expected. Only six asthma busters were on board and recruitment of required 20 - 45 asthma busters by the project end date (August 31, 2000) was not possible. Since the recipient could not obtain monthly/quarterly hospital and school reports on children's admissions, emergency room visits and school absences, the recipient changed the plan to obtain information from parents. The recipient also considered changing target study follow up activities after 6 and 10 months to monthly (since the study had not started) and eliminating the control group. Therefore, we suggested that the recipient meet with the EPA to discuss project changes.

On the same day we discussed the project status with the PO, who had been busy with many other projects and not reviewed the project file in a long time. She was satisfied with the overall progress, but agreed that we had more updated information than she did. She acknowledged the target study had not started, the control group would be eliminated, planned asthma busters were not recruited, follow up of children after 6 and 10 months would not be conducted within the project period, and all action plan goals would not be met.

As a result of the revised plan (20 days prior to the project end date) nine families had been recruited to participate. However, based on the project history there was no certainty regarding retention of these families. The response noted that studies with small incentives to participants and multiple home and clinic visits were notorious for a difficult recruitment period. If such difficulties were known during

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the action plan development, other activities should have been considered to achieve more effective and timely outcomes. If difficulties were not known until implementation, increased monitoring should have been performed to evaluate the recruitment status, and revisions made when reasonable progress was not achieved. The response acknowledged difficulties in hiring a nurse. However, after hiring the nurse, other activities did not progress as planned. Seven months passed until EPA recognized that the action plan could not be fully implemented without revising or eliminating activities.

If the PO's workload had not overwhelmed her and she had time to more closely monitor this project, EPA would have received a more successful product. EPA spent \$35,000 to produce an action plan and many months reviewing, modifying and approving it. Then allotted \$100,000 to implement the plan, and is now trying to salvage the project since the original plan was not achievable. While reviewing the proposed action plan OCHP asked the PO whether the anticipated outcomes would be achieved. Since the PO and the recipient determined these goals to be realistic, they were not revised.

The Region deemed the grantee capable of accomplishing project goals because of a prior working relationship and background in community based non-EPA projects. If subsequently the grantee was deemed incapable, it was important to monitor the project more closely, require timely and complete status reports, review those reports and take appropriate actions. OCHP's memo to the PO reiterated the importance of monitoring this agreement, and the recipient's progress reports would be used for the national evaluation. Therefore, additional measures should have ensured activities were progressing and progress reports contained all relevant information, and were timely received and reviewed. However, between July 1998 and September 2000 the PO only received four of eight required reports, all were late, and did not contain all required information.

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Eliminating the control group, substituting potentially unreliable parental information rather than hospital and school reports, and monthly target study followup rather than after 6 and 10 months raise questions whether the intended results would be achieved. Although failure of individual activities does not indicate failure of overall project goals, failure of many significant individual activities (although there may have been some justification) severely impacted the overall project accomplishment. We are not concluding this was a failed or unsuccessful project, but it appears that it will not achieve many of its intended goals.

On January 30, 2001 the PO advised us that the August 11, 2000 revised study was not proceeding as planned. She recently learned from the recipient that the 10 people identified for the six month study “disappeared” and therefore the study could no longer be conducted. However, she believed that the Asthma Buster component of the project was working well. Since the extended project period will end in April 2001, she asked the recipient to focus on the Asthma Buster component and “forget about the study.” She stated that the non-performance of the study will be noted in the final report. This further confirms our concerns that even after revising the plan the project will not be fully successful.

Certain aspects of the WNYCOSH program were very successful, while others were not, and agree that some flexibility might be needed for project success. However, work plan deviations should not be an arbitrary grantee decision without prior written PO approval. Contrary to the statement that certain steps were omitted with the PO's approval, this deviation was not concurrently documented. Specifically, on May 22, 2000 OIG auditors asked the PO if the grantee's April 24, 2000 final report complied with all work plan steps. The PO had not completed such review and was unaware of the grantee's non-performance of certain steps. On June 27, 2000, the PO memorialized WNYCOSH work plan changes. We do not view the work plan only as a “good faith effort” to capture IAQ

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improvements, but also the project blueprint to be followed. All work plan changes must be pre-approved by the PO and documented in the file. Nonperformance of significant work plan steps does not provide adequate assurance that project goals were met and EPA received what it paid for.

Project management responsibilities include ensuring that the recipient complies with the programmatic requirements of the award. EPA guidance requires the PO to effectively monitor the project and review recipients' progress reports, or, if feasible, conduct on-site reviews. In the absence of on-site reviews, the PO should have effectively assured that all work plan steps were being followed by reviewing required quarterly reports. However, the Region acknowledged that during the 18-month project period only one progress and a final report was submitted.

EPA's April 17, 2000 definition of implementation clearly described four elements as the "minimum starting point" and "beginning of a commitment to a process of a systematic approach to improving a school's indoor air environment." EPA's May 1995 IAQ Coordinator's Guide stated that everyone affected (students, parents, teachers, staff, and administration) should receive a report of IAQ issues, and the management plan was not complete until others knew the air quality status in the respective school. It also stated that good communication could help prevent IAQ problems and allay unnecessary fears.

If WNYCOSH fully complied with the work plan, the consultant would have prepared written reports (not necessarily a long report) analyzing walkthrough data and making recommendations for abating IAQ problems. For example, in the Bennett Park school various problems (water leakage, moisture, poor house keeping, improper classroom storage, and concerns with paint fumes) were noted, but no report was prepared. Also, step 6 required the consultant to present and discuss the report with the IAQ Coordinator, Team, school staff, parents and other interested constituencies. In addition, the grantee should

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have recommended areas that required attention and an action list of items to be repaired/addressed. This was not done.

CHAPTER 3
MANAGEMENT OF ASSISTANCE AGREEMENTS NEEDS
IMPROVEMENT

What Was Found

Region 2 needs to significantly improve its management of children's health initiative and related assistance agreements (grants, cooperative agreements) and IAGs. Specific system problems included (i) inadequate review and approval of applicants' project narrative/workplan; (ii) incomplete decision memoranda; (iii) untimely submitted required progress and final reports, exclusion of all relevant technical and financial details, and lack of evidence of PO review; (iv) lack of financial monitoring; (v) frequency of no cost time extensions; (vi) inadequate documentation of project monitoring actions (conversations, meetings, on-site reviews); (vii) projects not reviewed and evaluated; and (viii) untimely project closeout. In addition, weaknesses were noted in recipients' accounting systems to properly allocate actual personnel expenditures to EPA awards.

Why It Occurred

These conditions were generally caused by the program office's inadequate controls over assistance agreement post award monitoring activities. Specific contributing factors were: PO's inadequate project files which were incomplete and not in accordance with Headquarters requirements; numerous projects assigned to one PO and other program priorities; and an inadequate system for tracking untimely progress reports.

What Was The Effect

As a result, children's health related projects were not always completed timely and often did not provide the promised research, education, or outreach environmental products. Thus, anticipated progress on children's environmental health issues were not always attained. Specific illustrations of untimely, incomplete, or less successful projects were noted in Chapter 2 of this report.

Background

In 1996 the Office of Inspector General (OIG) found the Agency had a **material weakness** in the management of

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assistance agreements. The OIG reported that files lacked documentation that EPA monitored progress, or required recipients to complete projects and submit required closeout documentation. In FY 1997, the Deputy Administrator requested each Senior Resource Official conduct a vulnerability assessment "Management Effectiveness Review" (MER) of assistance agreement activities. The program offices reported:

- Lack of documentation of monitoring activities.
- Lack of PO understanding of their role in closing out an agreement.
- Incomplete decision memoranda lacked crucial information (noncompeting not justified, no justification for award as assistance vs. acquisition).
- Project work plans did not contain clear objectives.
- Lack of training on how to monitor assistance agreements financial expenditures.
- Lack of training for managers.

Assistance agreements are EPA's primary vehicle to deliver environmental and public health protection. EPA's 1998 Integrity Act Report to the President and Congress included grant closeouts and assistance agreement oversight as a **material weakness**. The OIG considers high risk recipients to include those that did not accomplish the required scope of work.

Region 2's FMFIA letters addressed assistance agreement oversight and post award management. During FY 1997 the Grants and Contracts Management Branch (GCMB) reviewed post award management, issued PO approval memoranda guidance, and completed a grants management MER. The MER evaluated PO training and performance standards; pre-award activities; award monitoring; and closeout. The Region's action plan addressed areas needing improvements.

During FY 1998 GCMB implemented a strategy for closing assistance agreements comprising: enhanced post award

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monitoring, communication, coordination and awareness; and implementation of enhanced systematic procedures. The Communication Division implemented improvements to environmental education and environmental justice grant management. POs focused on grant followup, worked closely with grantees, and actively monitored progress and final reports. The Region ensured final reports were in place to close out grants, and increased site visits.

GCMB and the Grants Customer Relations Council (GCRC) implemented a Post-Award Management Plan and Procedures, and the Assistance Agreement Closeout Strategy. The Post-Award Management Procedures included PO baseline monitoring requirements. The Closeout Strategy provided for 90-day letters to remind recipients of expiring agreements and the need to submit final reports. It also provided for close monitoring of closeouts and monthly reporting of open grants.

GCMB also issued guidance to implement EPA Order 5700.2 (Small Grants Policy) and updated Region 2's Assistance Agreement Application Kit and PO Approval Recommendation Memorandum to implement the Small Grants Policy requirements. GCMB continued to provide POs guidance on grant requirements, policy changes, and new policies. In addition, GCMB and DEPP trained over 30 new POs to manage assistance agreements and IAGs.

The Region also developed guidance for CFR Part 30 and Part 31 small grant recipients. Additionally, all IAGs were reviewed to identify closeout steps needed. Moreover, Regional target dates were established for submitting assistance agreement applications, PO approval recommendation memoranda, and expiring grant information to ensure timely processing.

In FY 2000 a MER focused on post award monitoring of assistance agreements and IAGs. The main finding was that project files often lacked evidence of post award monitoring. Other vulnerabilities included maintaining IAG

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award and status data and closeouts. The Region took the following actions to address these concerns:

- Updated the Post-Award Management Plan and Procedures and Region 2 FY 2000 Assistance Agreement Closeout Strategy.
- Developed a monitoring module to heighten awareness of post award management requirements, including the need to maintain documentation of monitoring activities in project files.
- Developed a post award monitoring fact sheet which is attached to the award document as a reminder of management responsibilities.
- Developed a no-cost time extension policy and identified responsibilities for managing extensions.
- Continued periodic guidance to POs on grant requirements, and new policies.

Project Monitoring Conditions

Despite recent improvements, further actions were necessary to improve management of children's health related assistance agreements and IAGs. POs are responsible for managing specific projects to ensure that a quality and timely product is completed in a cost effective manner. The ensuing paragraphs outline specific project monitoring conditions. Although some isolated items may not always impact project accomplishment, systemic conditions could affect the timely and effective accomplishment of the projects' goals and objectives.

1. Incomplete/ Unapproved Workplan

The approved workplan is the basis for awarding, managing, and evaluating performance under the agreement. The workplan should justify proposed financial, facility, equipment, and resource needs. It must describe the need for the project, its objectives, method to accomplish the objectives, and the public benefits or results expected. An effective workplan quantifies expected outputs, links outputs to funding, identifies target dates and milestones, requires periodic reporting, and explains accomplishments. It also should contain well-defined commitments and outputs that foster accountability.

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Certain post award workplan changes cannot be made without a formal amendment. A recipient's written request for a proposed revision must be accompanied by a narrative justification and submitted to the PO.

Certain projects lacked a complete, final and approved workplan, and major workplan changes did not have formal amendments. Chapter 2 described specific workplan problems and related consequences pertaining to the Camden and Hunts Point projects. Since required workplan steps in the WNYCOSH project were not completed, we believe that a formal amendment or prior written approval should have been made. Since a new plan will be formulated for the Newark target study, a formal amendment may be needed.

2. Incomplete Decision Memoranda

Assistance agreements and IAGs require a program office decision memorandum to document the basis for the project award. Accuracy and completeness are critical to assure a timely award. EPA's PO Training Manual and the One-day Refresher Course Handbook discuss adequate justification for not competing an award in the decision memorandum. Fact Sheet # 9 (Competition for Assistance Agreements) requires Agency managers develop solid justification if they do not use competition, and provides five examples of appropriate justification criteria.

- a. Competition excluded by statute or Congressional intent;
- b. Compelling evidence of unique and/or superior qualifications to the extent no other source could fulfill the project/program's objective;
- c. Urgency to start the project (crisis conditions endangering public health or environment);
- d. Supplemental application to extend project based on legitimate programmatic considerations, provided supplement enhances original work and scope is not significantly expanded;
- e. Unsolicited proposals offering unique ideas.

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On May 31, 1994 EPA's Deputy Assistant Administrator for Administration and Resources Management informed senior resource officials to ensure "adequate justification for assistance agreements awarded noncompetitively." EPA's 1996 Integrity Act Report to the President also reported actions to correct deficiencies in assistance activities. Actions included the need to reinforce preparation of a complete decision memorandum.

All seven noncompetitively awarded Regional projects lacked adequate justifications as noted below.

<u>Description</u>	<u>Projects</u>
No Justification at all	2
Inadequate Justification	5

The Puerto Rico DOH and American Lung Association's memoranda lacked required noncompetitive justifications. The Montefiore, IPM-Lehman, Camden Asthma and Lead, and both WNYCOSH justifications were inadequate. Justification for these projects were "Program has limited competitive nature and the number of qualified candidates to complete the work who are in the Region is limited" or "Selected party is the only one appropriate to carry out the work." In these cases, EPA lacked assurances that it obtained the most qualified organization at the best price. The Region's response did not address these seven decision memoranda.

It should be noted that OCHP's memorandum justifying the Newark Pilot was excellent. It stated that competition was not sought since communities were contacted to determine if they believe they would benefit from such a program. Criteria was established which required the size of the community should be such that the measurable results would be obtained, and there must be at least one border; one agricultural; one tribal; and one inner city disadvantaged community. The pilot was to support communities in

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setting specific goals to protect children from environmental hazards, and develop a specific action plan to eliminate children's health risks.

3. Missing, Untimely,
and Incomplete
Progress and Final
Reports

Required progress reports were missing or untimely submitted in 15 of 16 projects reviewed. When reports were submitted, incomplete information presented generally did not comply with requirements.

Progress reports are the POs' best source of information on project activities. POs should ensure reports are received and reviewed to monitor the workplan performance, the funds the recipient is receiving, and the programmatic terms and conditions are being met. The PO Handbook states the report should require information on the rate of expenditure versus project progress, actual accomplishments, and problems encountered which may interfere with meeting project objectives. It is the PO's responsibility to ensure the recipient complies with all programmatic terms and conditions, and provide recipient comments on the progress reports.

The GS provides an assistance agreement package to all newly awarded recipients. This package includes a checklist requiring grantees to maintain financial management and record keeping systems, discuss project changes with the PO, and submit required progress reports. These reports should compare actual accomplishments with specific goals and objectives, reasons why goals were not met, and other pertinent data (i.e. rebudgeting needs).

Although the first three Puerto Rico DOH reports were timely, there was only one report between June, 1997 and March 17, 1999. Also, recent reports were incomplete. On June 1, 1999 the PO requested the April 1, 1999 progress report to describe tasks completed, barriers encountered, sums expended, and a forecast of next quarter's activities. No report was found in the PO's file. Moreover, the final deliverable was not timely submitted. This project was completed on September 30, 1999, but as of July 25, 2000 a

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final report had not been received. It should have been submitted by December 31, 1999.

Our review of Montefiore Medical Center disclosed that only two of the six required reports were submitted after the PO's request. No reports were submitted between February 1999 and March 2000. Our review of the American Lung Association indicated that although 1997 reports were timely submitted, there were no reports between January 1998 and June 1999 (final report).

Review of IPM-Lehman disclosed missing and untimely progress reports. The project began on October 1, 1998 and the only reports were dated March 1, 1999, November 17, 1999, and April 17, 2000. Although the PO (January 5, and June 1, 1999) requested overdue reports with specific information, the submitted reports did not include information of expenditure versus project progress. The recipient agreed, upon OIG request, to prepare future reports in accordance with workplan tasks.

The Region's response acknowledged there were projects that had untimely progress reports.

4. Lack of Financial Monitoring

Children's health awards were given to community recipients with limited experience managing Federal funds. These entities may not meet the Single Audit threshold for required audits or EPA awards may not constitute a major program. Therefore, these projects may not undergo any intense scrutiny. EPA must initiate a systematic financial monitoring approach to ensure funds are used as intended. The PO and GS share responsibility for initial conferences/seminars; on-site reviews; and review of financial/expenditure data, financial status reports (FSRs), and payment requests. The PO must also review the proposed budget against the workplan to determine whether the budget is reasonable from a programmatic perspective.

The Handbook requires the PO to determine that costs are eligible and reasonable, while the GS is responsible for

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determining allowable and allocable costs. The PO serves as a source of programmatic oversight and should review the payment request and FSR, and determine if progress is consistent with the request and payment should be made. Also, the Integrated Financial Management System (IFMS) gives disbursement information which a PO can use to compare funds spent with progress on the project.

POs did not review FSRs or payment requests for any of the 16 projects reviewed. In addition, progress reports did not generally contain expenditure data. POs believed the GS was responsible for all financial matters. During the OIG entrance conference one PO responsible for most children's health projects said payment requests were sent directly to the GS, and she had little concern as long as deliverables were received.

During a meeting with the OIG, a major recipient indicated a need for expertise in financial matters to gain knowledge to submit proper financial reports. It was suggested that a fiscal advisor be present at the initial conference to explain EPA procedures for proper and timely preparation of FSRs.

The Puerto Rico DOH project was an example where FSR reviews would have alerted the PO or GS to a problem. The recipient received an 80 percent (\$46,800) advance payment in March 1997. EPA regulations and the award terms and conditions required the recipient to minimize time elapsing between transfer of funds from EPA and disbursement of those funds. Advanced funds must be disbursed within 90 days of issuance, and failure to comply may result in EPA issuing a Bill for Collection to recover unexpended funds. The advanced \$46,800 should have been disbursed by June 1997. However, FSRs submitted showed only \$24,916 disbursed as of July 31, 1997 and \$35,547 as of September 30, 1998. Adequate review of three FSRs and an expense report submitted between July 31, 1997 and September 30, 1998 would have alerted the PO and GS to this condition.

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POs also approved IAG invoices without obtaining supporting documentation for costs billed. This occurred because POs were not aware of their responsibilities for approving IAG invoices, and the other Federal Agency submitting the invoice did not provide supporting cost information. As a result, EPA's Financial Management Center recorded these transactions with limited assurance that invoices were valid, appropriate and allowable. Two IAG invoices approved without reviewing supporting documentation were previously noted in Chapter 2.

The Region's response indicated that the PO's financial monitoring was "consistent with the information required in the grantee's periodic reports and with PO training." When problems were encountered requiring review of project finances, such data was requested. We strongly believe that adequate financial monitoring is necessary for all projects.

5. Routine No Cost
Time Extensions
(NCTEs)

Region 2 was concerned about the number and frequency of NCTEs per agreement, and justifications for approving extensions. During FY 1999, Region 2 approved more than 200 NCTEs (33 percent of all grant actions). Therefore, on March 30, 2000 the Region provided Guidance for Processing No-Cost Time Extensions for Grants and Cooperative Agreements. To reduce NCTEs, the guidance stated POs should ensure the original project and budget period are sufficient to complete the project, and that the project is proceeding on schedule. A one-time NCTE is authorized without EPA approval, and subsequent requests must be submitted 60 days prior to expiration of the project/budget periods. A formal amendment is required to approve any subsequent NCTE. Region 2's goal was to complete all NCTE amendments prior to award expiration, provided documentation was timely received.

Our review disclosed that at least one NCTE was approved in **90 percent** of all children's health projects awarded during FY 1998 and FY 1999. Two or more extensions were approved in 23 percent of these cases. Subsequent NCTEs were generally submitted less than 60 days from the

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expiration date, not approved until after expiration date, and formal amendments were not always issued.

For example, the American Lung Association's second NCTE was submitted less than 60 days prior to the project end date. EPA approved the first NCTE (November 26, 1997) on February 17, 1998 (after expiration date) changing the expiration date from December 31, 1997 to December 31, 1998. The second NCTE was submitted on November 16, 1998 to extend expiration date from December 31, 1998 to May 30, 1999. This request should have been submitted by October 31, 1998 (within 60 days of the project end date). The Grant Management Office took almost six months to approve this extension.

The Columbia University two year grant (October 1, 1996 to September 30, 1998) received two NCTEs. The first NCTE was requested on September 17, 1998. Headquarters Grants Administration approved the request on November 17, 1998 (after it expired) to extend the period to September 30, 1999. The Regional PO informed the recipient that further NCTEs would have to be submitted no later than 60 days prior to expiration. On September 17, 1999 (13 days prior to expiration) the recipient requested a second NCTE until September 30, 2000. On February 7, 2000 (almost five months after the project expired) the NCTE was approved.

On October 21, 1999 the IPM-Lehman recipient submitted a NCTE to extend the period from December 31, 1999 to March 31, 2000. However, the PO had not acted on the request as of April 2000, because she believed the request was misfiled. We found the form in the PO's file.

Although the RIAB Chief believes frequent NCTEs were not a problem, the Region's March 20, 2000 Guidance was issued to address this concern. POs' improved monitoring activities would contribute to more timely project completion and reduce the need for many NCTEs.

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6. Documentation of
Monitoring Actions

In all cases reviewed, POs did not adequately document important project activities including workplan review; important conversations and meetings with recipient and other personnel; and progress and final report reviews. As a result, there was limited assurance that the PO was fully aware of project activities, problems in meeting goals and objectives, and staffing or resource problems. Lack of written documentation violates file management requirements that all significant actions be documented, provides incomplete project historical record, requires personnel to recount history by memory, prevents personnel from substantiating facts if a dispute arises, results in vulnerability if an audit is conducted, impedes staff members' ability to respond to questions, and creates an appearance of poor administration and oversight. Documentation is critical for managing assistance agreements and IAGs. The PO file documents provide programmatic and fiscal information on the purpose, performance and history of an award. The POs' Handbook, Appendix Q, and Fact Sheet # 10 provide guidance. "It is the PO's responsibility to document all correspondence. DO NOT RELY ON MEMORY."

POs should document the following situations:

- Memos and communications
- Issues that raise concern
- Significant project actions or decisions
- Conversations with recipients or EPA staff that have significant bearing on project performance
- Electronic mail messages sent or received
- Attempts to contact recipients but receive no response (record attempts and dates)
- Progress report comments provided to recipient
- Documentation on conference calls and telephone calls, noting issues discussed and resolutions.

7. Projects Not
Evaluated

Projects should be adequately reviewed and evaluated to assure program goals were met and beneficial accomplishments were promoted (best practices and lessons

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learned). Successful projects should be promoted for widespread application to benefit affected communities. POs should develop a system to review, evaluate and disseminate recipients' final reports to serve as model programs. Reviews could have provided information related to the program's progress and accomplishments. Such information would help future efforts by building on existing projects and identifying new ones in hopes that EPA can devise a comprehensive and coordinated approach to deal with children's environmental health issues. We were advised that RIAB has no mechanism for sending asthma final reports to Headquarters. As a result, EPA's ability to recognize and promote model programs or learn from successful programs was significantly impaired.

For all final reports we reviewed, the project file had no evidence that the PO evaluated the deliverable and provided comments. The Region must also initiate specific performance measures, (outcomes) for various areas (i.e. asthma interventions) and compare them to individual project's goals and objectives to determine if a quality product has been delivered. Moreover, recipients must be held accountable for spending Federal funds as intended in the approved workplan.

The Region's response indicated that POs have a system to disseminate final reports (i.e. monthly IAQ conference calls; RIAB staff are on a Headquarters team; and information is shared with partners at conferences, meetings, and outreach sessions). Although, we acknowledge these outreach efforts, RIAB has not generally provided written evaluations and disseminated completed projects.

8. Untimely Certification and Project Closeout

Projects were not always timely certified and closed out in accordance with Agency policies and procedures. Delays can unnecessarily tie up obligated but unexpended funds. Closeout also becomes more difficult with the passage of time because persons responsible for project management may resign, retire or transfer; memories of events are less clear; PO interests may shift to other priorities; and award

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documents may be lost. The PO should timely review and approve technical reports (including final performance reports) in accordance with award and statement of work requirements; ensure deliverables are received and acceptable; and certify to the GS within 90 days of project completion that work was satisfactorily completed and all award conditions were met.

Our review of 16 projects disclosed three projects were not closed out in a timely manner, two projects were closed out timely, and 11 ongoing projects (many with NCTEs) were not due for closeout. One delayed closeout was the American Lung Association project which expired May 30, 1999 (after two NCTEs). On June 14, 1999 the recipient submitted the final report. The GS sent the PO the baseline monitoring checklist and requested responses (no PO response). On January 31, 2000 (eight months after project expiration) the GS asked the PO for a final status of programmatic requirements by March 1st. Finally on **April 27, 2000** (after we reviewed the file) the PO responded.

The Puerto Rico DOH project closeout was also delayed. The PO had not responded to the GS request (December 4, 1999) to provide a final status of programmatic requirements by January 31, 2000. The project period ended September 30, 1999 and was still open in July 2000 because the final report was not delivered.

POs must comply with the above Agency policies and timely inform the GS of project completion so that the agreement can be closed out.

9. Recipients'
Accounting System
Weaknesses

We had meetings with five recipients to discuss their financial management system controls for allocating payroll costs to EPA grants. All five recipients stated that allocation of payroll costs to Federal awards were generally based on budget hours rather than specific actual hours worked. The recipients generally stated they worked on grant and non-grant activities and did not complete timesheets to specifically account for actual activities.

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For example, The IPM-Lehman's principal investigator indicated that proper financial reports were not submitted and specific expenditure data were not available. Time charges were based on estimated time worked on the project, and actual time sheets were not used.

40 CFR Part 30, "Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations," requires financial management systems to accurately and completely disclose financial details for all Federally-sponsored activities. The system must include written procedures for determining reasonableness, allocability and allowability of costs in accordance with Federal cost principles and conditions of the award. Also, accounting records including cost accounting records must be supported by source documentation.

Office of Management and Budget (OMB) Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations, provides procedures for reporting financial and program performance. Progress reports shall compare actual accomplishments with goals and objectives. When program or project output can be quantified, such quantitative data should be related to cost data for computation of unit costs.

OMB Circular A-122, Cost Principles for Non-Profit Organizations, requires charges for salaries and wages, whether direct or indirect costs, to be based on documented payrolls approved by a responsible official. Distribution of salaries and wages must be supported by personnel activity reports maintained for all professional and nonprofessional staff whose compensation is charged (in whole or in part) directly to awards. Reports must:

- a. Reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before services are performed) do not qualify as support for charges to awards.

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- b. Account for total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.
- c. Be signed by the individual employee, or by a responsible supervisory official having first-hand knowledge of employee activities.
- d. Be prepared at least monthly.

Nonprofessional employee salary charges must also be supported by records of daily hours worked maintained in conformance with Department of Labor regulations. In addition, employee salaries used to meet cost sharing or matching requirements must be supported in the same manner as salaries claimed for reimbursement from awarding agencies.

**Reasons Why Conditions
Occurred**

Project monitoring weaknesses including unorganized PO files, large workload in addition to other responsibilities, and lack of progress report tracking were the main causes for the conditions noted. We recognize that POs have large workloads and other duties and responsibilities, but a higher priority must be given to effective project management. POs must be knowledgeable of management responsibilities and devote additional efforts to ensure projects are timely and effectively proceeding in accordance with the workplan.

Organization of Project Files

The Handbook requires organized assistance agreement files to ensure the Agency documents obligations and responsibilities of all parties before, during, and after the agreement. A well documented file consists of a collection of documents that provide programmatic and fiscal information and is an excellent reference tool for personnel administrating the project. The Handbook outlines a six-part format to file all assistance agreement documents (i.e., application, correspondence, agreement and amendment, financial information, and technical reports).

Excessive PO Workload

RIAB only had four POs to manage asthma, radon, IAQ, and other assistance agreements. One PO was responsible for 15 to 28 projects in addition to other duties and

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responsibilities. This was a difficult situation as indicated by the illustrations in Chapter 2. The three other POs also had substantial workloads. The Branch Chief was aware of this situation and looked into possible solutions, but could not resolve the matter based on the available resources. The Chief believed projects were successfully managed, and EPA was getting what it paid for.

We strongly believe one dedicated PO could not effectively manage all her projects. The Newark pilot project alone should have required a great amount of time, but she was involved in many other activities. For example, the March 1999 Branch Highlights listed some of her other activities.

- Met with HHS representatives to discuss an asthma intervention study (no date mentioned)
- February 18th had three meetings in Camden with potential asthma grant recipients
- Will be attending Environmental Justice workshops
- February 24th met with HUD regarding a demonstration project
- March 3rd presented EPA's asthma activities with OCHP and HHS on Interagency Asthma Strategy
- March 18th attended a meeting with the Catano working group
- March 22nd scheduled to attend the National Academy of Science meeting in Washington
- March 23rd, IAQ lecture in North Carolina
- From April 12-15, attended IED meeting in Washington
- April 15, scheduled to give an Indoor Air/Asthma presentation at Columbia University

The New England Region PO who managed their Child Health Champion pilot project was only responsible for this one children's project. However, she was also the PO for two environmental justice grants of \$20,000 each (one is completed), two source water assessment grants (\$17,779 and \$38,614) and a drinking water contamination outreach

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grant for \$9,111. We believe that this was a manageable PO workload.

Another New England Region PO was responsible for 14 to 20 small projects. For the upcoming fiscal year she will only be responsible for seven projects. The PO's workload was reduced because it was difficult to manage and she encountered problems. The PO stated that "due to a lack of time and staffing it is difficult to follow-up on IAQ projects such as Tools for Schools, Environmental Toxic Smoke, and Asthma Initiative." Her project files were not always in accordance with requirements since "trade-offs" were necessary. She had one person working with her on Tools for Schools projects who will be managing that program next year. These actions clearly illustrate difficulties in managing too many projects.

We were recently informed that RIAB was given an additional person to perform certain PO functions. We believe this person should either have specific projects assigned, or work with other POs on specific projects. As noted above, the New England Region used their extra person to assist the PO on Tools for Schools matters.

Progress Report Tracking System

Virtually all assistance agreements require the recipient to submit periodic progress reports and a final report. It is very difficult for a PO who is responsible for many agreements to keep track of due dates for progress reports. We previously discussed the value of receiving timely and complete reports and the fact that non-submittal or late submittal was a systemic problem.

Progress reports are due at different times, and POs must establish and implement a system to track receipt or non-receipt of required reports. If reports continue to be submitted inadequately or untimely, the Branch Chief and GS should be notified and appropriate action taken. If the PO waives submittal of progress reports, a system is needed to justify such action. We do not believe that waivers are

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prudent decisions unless special circumstances warrant a waiver from the award terms and conditions.

RIAB's Actions

The RIAB Branch Chief acknowledged that monitoring improvements were needed in aspects of asthma related grants. To address our concerns he made a good faith effort to implement certain improvements, especially assuring files were in accordance with requirements. The Chief stated that all files are now properly organized, and he met with POs to discuss responsibilities for maintaining files, status of projects, and other OIG concerns. The POs agreed to "save all e-mails which are sent" documenting reviews, meetings and telephone conversations in a separate folder. The Chief believed "the crux of this issue involved the fact that much of this documentation is done by e-mail and not saved." He will add a page to the Highlight summary which will contain the status of all agreements, and file location for back-up documentation.

The Chief noted that POs have now been instructed to document the Highlight summary sheet when they change quarterly reporting requirements. Although the Chief believes the lack of financial information in progress reports is a GCMB matter, he will support and carry out whatever requirement EPA imposes. He believes that quarterly financial data is of little use to the PO, and prefers obtaining such data "on line" when problems arise.

Conclusion

Recipients must be held accountable for achieving project results. To demonstrate accountability, performance measures should be included to demonstrate progress in meeting workplan goals. We recognize that all projects may not meet all intended goals and objectives. However, POs should effectively manage their projects through on-site meetings, evaluations, receipt and review of detailed progress reports, or other communications to address problems or barriers impeding successful and timely completion.

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Effective project management will allow the PO and recipient to revise strategies and make necessary modifications in a timely manner. POs should constantly track recipients' actual performance against planned actions. Such oversight is especially relevant for non-profit community based recipients (first-time grantees) with limited knowledge or expertise managing Federal funds.

Recommendations

We recommend that the Regional Administrator instruct the Chief, Radiation and Indoor Air Branch, Division of Environmental Planning and Protection to:

- 3-1 Periodically review the recently revised project files to ensure they are complete, organized and in compliance with requirements.
- 3-2 Reduce the number of projects assigned to a PO by redistributing workload, assigning fewer future projects, combining agreements into larger projects, or assigning alternate POs to assist the PO in certain areas.
- 3-3 Limit certain PO responsibilities for attending conferences, conducting training, and performing outreach activities, to enable them to devote more time to monitoring numerous assigned projects.
- 3-4 Verify that detailed final statements of work are submitted containing specific goals, objectives and performance measures. They should be adequately reviewed and approved after determining the reasonableness of the recipient's goals, anticipated outcomes, and project/budget periods. A workplan checklist form should be considered.
- 3-5 Submit a complete and accurate program office recommendation for award (decision memorandum). A non-competitive award justification must be included to provide a reasonable basis for the award.

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- 3-6 Develop an outline for technical and financial data that recipients should provide in progress and final reports. This outline could be in the form used by EPA's New England Region. (Exhibit 2)
- 3-7 Initiate a system for tracking progress report due dates, PO reminder letters, non-submissions, late and incomplete submissions, and documenting justifications for waiving reports. Recurring reporting problems should be brought to management's attention for further actions.
- 3-8 Schedule a conference or other mechanism with on-going and new recipients to discuss/reinforce EPA requirements and technical and financial responsibilities. A GCMB representative should discuss financial matters. Other topics should include content of progress and final reports.
- 3-9 Develop and implement a system to document the review of assistance applications, workplans, time lines, progress and final reports, and other deliverables. Comments should be provided to recipients when applicable.
- 3-10 Design and implement telephone/meetings logs or standardized forms to document relevant actions. Store electronically relevant information (i.e. e-mails).
- 3-11 Reduce the number of initial and subsequent no cost time extensions and ensure they are timely requested and processed by implementing the March 30, 2000 Regional guidance.
- 3-12 Evaluate all completed projects to determine whether objectives were accomplished, problems were encountered, and lessons were learned. Develop a PO evaluation form and additional performance measures to evaluate such projects.

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- 3-13 Certify within 90 days of project completion that all deliverables were received and reviewed, and all work was satisfactorily completed so that projects can be timely closed out.

We also recommend that the Regional Administrator instruct the Chief, Grants and Contracts Management Branch to:

- 3-14 Schedule meetings with program offices to reinforce PO responsibilities and discuss the PO Handbook and recent Region 2 policy and guidelines.
- 3-15 Expand the award terms and conditions narrative for required progress and final reports to include additional information. EPA's New England format (Exhibit 2) should be considered.
- 3-16 Increase PO knowledge of financial monitoring responsibilities regarding: (a) review of FSRs and reimbursement requests, (b) expenditure information provided in progress reports, (c) recipients' time distribution system to allocate actual personnel costs to specific awards, (d) budget modification/redistribution requirements, (e) recipients' responsibility to timely expend advanced funds, and (f) review of IAG cost documentation prior to approving payment requests.
- 3-17 Determine whether recipients have developed and implemented adequate internal control and financial management systems that comply with OMB and EPA regulations, specifically dealing with time/payroll distribution system.
- 3-18 Verify that program office decision memoranda is fully completed with required information. Incomplete forms should be returned to program office.

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- 3-19 Increase coordination with POs regarding recipients' performance. For example, periodically conduct recipient technical assistance reviews with POs to ensure compliance with regulations.

Region 2 Response

The Region's response agreed with certain OIG observations, but disagreed with others. It disagreed that assistance agreement monitoring needs improvement, since their projects have been "largely successful." Unsuccessful projects or failure to meet a specific objective were not caused by assistance agreement management, but by other issues (i.e. obtaining qualified health professionals, qualified grantees, and volunteer candidates for the studies). While the Region agrees "some improvements in managing assistance agreements is warranted," none of the serious difficulties were caused by poor management. Further, most recommendations involved an improved electronic tracking system and upgrading of files. The following paragraphs contain the Region's positions.

The Region believed that recommendation 3-1 should be removed since the revised project file organization was completed, and a June 2000 file review was a standard practice. Regarding recommendation 3-2 the response stated that redistribution to reduce workload of one PO results in a greater workload for another PO, combining agreements into larger projects seems like an admirable goal, and alternate POs already assist other POs. RIAB's PO workload situation has been the subject of a Division Director/Regional Administrator management review and a recent memo discussed an additional IAQ position.

Recommendation 3-3 should be eliminated "as it runs counter to every practice that has yielded positive and constructive results for the program." The Region believes it is critical to keep up-to-date, particularly as asthma in children is an emerging issue, and to interact with others to fund worthwhile projects. Attending conferences, meetings and doing outreach is partly how information is transferred

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to customers, and can influence people to include EPA's message into their goals and strategies.

Recommendations 3-4 and 3-5 are already standard practice, and certain grant approvals were expedited as a result of regional priorities. The Region agreed with the recommendation 3-6 benefit to providing additional guidance to POs. Therefore, in FY2001 GCRC will develop guidance to assist POs in identifying and communicating information that should be provided in the recipient's progress and final reports.

Regarding recommendation 3-7, a tracking system was instituted as noted in the draft report (RIAB's Action), and the OIG reviewed the tracking summary sheet. GCMB will work with RIAB to identify an "appropriate mechanism" for communicating/reinforcing EPA grant requirements regarding recipient's technical and financial responsibilities (recommendation 3-8).

Regarding recommendation 3-9, the Region has established procedures for documenting reviews of assistance application, workplans, timelines and other deliverables. Application and workplan reviews are documented through the decision memorandum, and Baseline monitoring checklists and telephone log forms in Region 2's Post-Award Monitoring Procedures are a mechanism for tracking reports and other deliverables and documenting followup actions. The baseline monitoring checklist will be enhanced to include review questions regarding content and acceptability of technical reports and deliverables.

POs have been directed to save all e-mails which document reviews, meetings and conversations. Checklists and telephone log forms are found in Region 2's Post-Award Monitoring Procedures (recommendation 3-10). NCTEs (recommendation 3-11) have only been requested to extend projects to meet their goals, and the level of NCTEs seems consistent with the nature of the projects and the time frames. Although RIAB traditionally used a one fiscal

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project period for its grants, recently it has been making more realistic time appraisals to complete projects. The response did not address recommendations 3-12 and 3-13. Regarding the recommendations made to GCMB, the response stated that recent PO regional and National policies, procedures and guidance are disseminated during PO basic and refresher courses, e-mail messages, and the Intranet. Additional mechanisms for information dissemination are being evaluated (recommendation 3-14).

Regarding recommendation 3-15, GCMB indicated that it limited the terms and conditions for small grants (\$100,000 or less) to those conditions stated in regulations or statutes. Region 2 transmits guidance to small grantees with the award document (previously included as a term and condition). During FY2001 GCRC will develop guidance to assist POs in identifying and communicating information that recipients should provide in progress and final reports. The Region did not address recommendation 3-16.

Region 2 has established procedures for determining an applicant's compliance with financial management standards. To further address adequate financial management systems, the OIG will work with GCMB to develop guidance to make recipients aware of their requirements (recommendation 3-17). The Region's procedure is that incomplete decision memoranda are returned to the program office identifying the deficiency (recommendation 3-18). Grant Specialists currently conduct (when appropriate) post award monitoring activities, including technical assistance reviews with POs (recommendation 3-19).

OIG Comments

We strongly believe the Region (RIAB) must significantly improve post award monitoring of children's health related assistance agreements. While acknowledging unsuccessful projects or those that failed to meet specific objectives, RIAB must share in the responsibility rather than merely blaming the recipient. Many systemic problems noted could have been averted, corrected, or more timely alternative

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solutions implemented if more effective project monitoring had occurred. We believe that RIAB's recent corrective actions as well as our 19 recommendations will address the OIG's concerns and further improve project monitoring activities.

Recommendation 3-1: Project file reorganization was not completed during July 2000 since the PO informed the OIG in August 2000 that she could not locate some files to be revised. Hopefully these files have been located and subsequently revised. Since our audit disclosed numerous concerns regarding inadequate or incomplete project files, periodic reviews (which are not standard practice) should occur to ensure these concerns have been addressed. Such reviews would also ensure that recent Branch improvements (i.e. saving and filing e-mails, documenting Highlight summary sheets) were being implemented.

Recommendation 3-2: Workload distribution was a major RIAB and Regional concern and actions were previously taken. However, further actions are necessary if RIAB continues to award many assistance agreements. Specifically, one PO cannot effectively manage 15-28 awards and attend numerous conferences, meetings and outreach sessions. Combining small awards into larger projects would be useful. For example, instead of awarding five asthma projects (\$20,000 each) to five different recipients, consider awarding a \$100,000 grant to a recognized grantee (i.e. American Lung Association). Instead of reviewing and approving five grant applications, workplans, financial data, quarterly progress reports, NCTEs, revised plans, final reports and other deliverables, only one grantee would be involved. For five grantees different situations and problems would surface, and extensive PO time would be needed to resolve the matters.

Recommendation 3-3: We fully recognize the value of voluntary outreach programs, but a PO responsible for 15-28 projects cannot effectively manage them and continually attend conferences, meetings, conduct training sessions, and

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perform other outreach activities. The Branch Chief must decide if a particular PO can effectively handle numerous project responsibilities as well as other important matters. Our report clearly shows that the PO in question made a valiant attempt to handle all her responsibilities, but in certain instances project monitoring suffered.

Recommendation 3-4: Complete final, rather than tentative, statements of work must be submitted, reviewed and accepted prior to project award. This is not a standard practice as evidenced by the Region's comments that the Newark pilot project's goals, anticipated outcomes, and project periods were not reasonable. Many of the statements of work were very general and did not contain specific goals and performance measures.

Recommendation 3-5: The response addressed neither the seven specific incomplete decision memoranda noted in the draft report, nor the Headquarters policy for adequate justification for noncompetitive awards. On numerous occasions RIAB submitted incomplete decision memoranda.

Recommendation 3-6: We are pleased that GCRC will develop guidance in FY'01 regarding information to be provided in progress and final reports. We hope this guidance will provide both technical and financial information.

Recommendation 3-7: The response refers to a sentence under RIAB's Action which states the Branch Chief will add a page to the Highlight summary which will contain the status of all agreements and file location for back-up documentation. This sentence does not address a progress report system. A tracking summary sheet was presented to the OIG which listed various information (i.e. name, type of agreement, amount, location of files, start/end date, overall status). While this information is a useful monitoring tool if kept up to date, it does not fully address our concerns that specific progress report issues be tracked.

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Recommendation 3-8: We are pleased that GCMB will work with RIAB to identify an appropriate mechanism for communicating/reinforcing grant technical and financial responsibilities. Please provide us the completed product.

Recommendation 3-9: Although the Region has established procedures and mechanisms for documenting reviews of certain documents, RIAB has not generally implemented them. Our review of project files did not generally disclose documentary evidence of such reviews (i.e. written comments, weaknesses, necessary revisions or modifications, followup actions). The enhanced baseline monitoring checklist, which will include questions focused on content and acceptability of submitted technical reports, should be a valuable tool if properly completed.

Recommendation 3-10: Although POs have agreed to save e-mails sent regarding reviews, meetings and conversations, there is no assurance that all relevant actions (i.e. oral conversations) will be documented and e-mailed. RIAB POs have generally not used telephone log forms found in the Post-Award Monitoring Procedures.

Recommendation 3-11: We do not understand why RIAB disagrees with implementing the March 30, 2000 Regional guidance. One can readily see that when most recipients require one or more NCTEs to complete their projects, a project monitoring problem exists. Also, how could one disagree that a NCTE should be requested and approved in a timely manner in accordance with Regional guidance? The Region did not provide any comments regarding recommendations 3-12 and 3-13.

Recommendation 3-14: We are pleased that GCMB is disseminating relevant assistance agreement policies, procedures and guidance to POs and additional dissemination mechanisms are being evaluated. We believe that individual sessions with selected program offices responsible for project management actions should be considered.

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Recommendation 3-15: We are pleased that GCRC is planning to develop guidance to assist POs in identifying and communicating recipient information that should be provided in progress and final reports.

Recommendation 3-16 was not addressed.

Recommendation 3-17: We are pleased that GCMB will work with the OIG to address the issue of recipient financial management systems by developing guidance to make recipients aware of their requirements.

Recommendation 3-18: Region 2's procedure for returning deficient decision memoranda has not always been implemented.

Recommendation 3-19: Although Region 2's procedures provide for post-award monitoring activities, including technical assistance reviews, such reviews were not performed for any of the projects reviewed. During FY 01 we recommend that at least one joint review be conducted for a RIAB children's health project.

On December 27, 2000 Region 2 issued its Post-Award Management Plan and Procedures for Monitoring Assistance Agreements. It stated that POs should determine and monitor frequency and content of progress reports; verify that project periods provide sufficient time to complete project; document monitoring activities (telephone logs, e-mails, memos, checklists); provide feedback upon reviewing progress reports; monitor payments, drawdowns and unliquidated obligations; and ascertain the need for changes to the agreement. The document also provided progress report guidelines and a suggested format; a PO baseline monitoring checklist; and a telephone log to note person contacted, title, date and summary of discussion. The progress report format included a project description; tasks, objectives, and accomplishments; upcoming events/assistance required; funding status; and other information.

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**CHAPTER 4
OTHER MATTER**

**Children's Health
Workgroup**

Region 2's October 1998 Strategic Plan stated the Region will coordinate children's health activities through its recently formed Children's Health Workgroup. The Workgroup was formed in 1998 and currently has 18 members. The members were to be their division's contact person, share children's health information with other Workgroup members, and be the divisional focal point for children's activities.

The Workgroup initially focused on brainstorming ideas for incorporating children's health issues into the Region's activities and developing an Action Plan. A matrix was developed identifying children's health activities and highlighting possible partnership opportunities. A series of meetings were devoted to exploring various options and ranking their worth and significance. The Workgroup identified lead, pesticides and exposure to indoor air pollutants as threats to children.

Although the Workgroup initiated many worthwhile initiatives, we believe that they could have been even more productive. During the course of time the Workgroup merely existed with minimal interaction as a group. In fact, many months have passed since the last official meeting.

This absence of group interaction was evident when we requested the Coordinator to provide Region 2's inventory of children's health initiative and related projects. Since this inventory was not current, the Coordinator had to contact program offices to obtain requested data. In the absence of criteria describing which projects qualify under the children's health initiative, each program office listed projects based on differing criteria. Although Region 2's "finalized" inventory was fairly complete, we found such errors as projects not yet awarded, and incorrect project

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status and agreement amounts. EPA Headquarter's OCHP previously listed many of these projects in the 1998 Children Environmental Health Yearbook and others will be listed in the 2000 Yearbook . After the inventory was developed, Region 2's Children's Health Coordinator acknowledged the value and utility of this inventory to provide an accurate snapshot of current Regional projects.

Recommendations

We recommend that the Regional Administrator instruct the Workgroup to:

- 4-1 Continue to maintain an accurate, complete and updated inventory of Regional children's health activities.
- 4-2 Conduct periodic meetings to discuss current children's health activities; develop specific measures and evaluate success of specific projects; recommend improvements or modifications; identify additional children's health activities; and develop monitoring mechanisms to gauge overall effectiveness of the Regions children's health program.
- 4-3 Develop a mechanism to share children's health project deliverables, best practices and lessons learned with Headquarters OCHP and other Regions.

The response did not address the recommendations. It noted that the Workgroup members and direction have changed, and it was more productive to work internally with members working on the issues in focus. The Workgroup has been expanded to include participating in inter-agency workshops.

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EXHIBIT 1

Projects Reviewed

RECIPIENT	AGREEMENT	AMOUNT	AWARD DATE	AREA
1 ICC - Newark	CA - X826844-01	\$35,000 \$100,000	08/05/98 08/09/99	Asthma
2 Puerto Rico DOH	CA - X992433-02	\$58,500	09/27/96	Asthma
3 Montefiore	Grant - X992921-01	\$80,000 \$80,000	08/20/98 09/24/99	Asthma
4 American Lung Assn.	Grant - X992556-01	\$25,000	09/19/96	Asthma
5 Rutgers - Camden	CA - X982146-01	\$253,551	09/27/99	Asthma / Lead
6 Columbia University	Grant - EQ825009-01	\$244,920	08/27/96	Asthma
7 IPM - Lehman	Grant - CAX992932-01 Grant - CAX982128-01	\$159,454 \$157,404	09/17/98 09/24/99	Asthma
8 Hunts Point - Intervention	IAG - DW75941776-01	\$103,650	09/29/97	Asthma
9 WNYCOSH	Grant - X992924-01	\$20,000	09/01/98	IAQ
10 WNYCOSH	Grant - X982114-01	\$15,000	09/25/99	IAQ

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11	USDA - Rutgers	IAG - DW12941562-01	\$51,000	03/91	IAQ Training
		Amend 1	\$7,065	09/93	IAQ Training
		Amend 2	\$40,000	08/19/94	IAQ Training
		Amend 3	\$60,000	09/27/95	IAQ Training
		Amend 4	\$24,000	06/12/96	IAQ Training
		Amend 5	\$16,702	09/17/96	IAQ Training
		Amend 6	\$65,000	09/30/96	IAQ Training
		Amend 7	\$25,000	09/24/96	IAQ Intervention
		Amend 7	\$35,000	06/23/97	IPM Video
		Amend 8	\$58,069	09/24/97	RADON/ Training
		Amend 9	\$245,000	09/24/97	IAQ Walk throughs
		Total	\$626,836		
12	Chinese Progressive Assn.	CA - X9928750-01	\$29,000	07/07/98	Lead
13	NY Society for Prevention	CA - X992874-01	\$20,460	07/07/98	Lead
14	Montefiore	Grant - EQ825742-01	\$249,720	09/26/97	Lead
15	Non - PRASA Initiative	Unknown			
16	Vega Baja Solid Waste	Site Assessment			

Sample Award Conditions Used By EPA's New England Region

1. PROJECT REVIEW

To evaluate adequacy of program progress, the recipient agrees to host site visits with the Project Officer. The review will include an overview of the project and project expenditures. The time frame for project reviews will be negotiated between the recipient and Project Officer.

2. QUARTERLY REPORTS

All grantees are required to submit to the EPA Project Officer a quarterly progress report. The report should be a minimum of one page and must follow the format provided. The report is to be completed and mailed to the Project Officer by January 30, April 30, July 30. The format for the quarterly progress report will be distributed at a training session to be conducted for all grantees. If quarterly reports are not received within 5 working days of due dates listed above, the Project Officer has the option to delay approval of the next quarterly payment request until the quarterly report is received and approved.

3. MANDATORY MEETINGS AND CONFERENCES

All grantees will be required to attend the grantee orientation and training, midterm meeting and a grantee conference.

4. FINAL REPORT

Within 30 days after the end of the project period, the recipient agrees to submit two copies of the final project report. The report must clearly address the items below:

- a. Provide an abstract or overview of the project in terms of its overall process and outcomes. Include which eligible activities and/or EPA criteria were addressed and how these were fulfilled.
- b. Include information on the target audience, such as local residents, community activists, businesses, demographics of the target audience, etc.

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- c. Description of evaluation measures and results. Include evaluation tools where applicable.
- d. Plans for dissemination of project results in terms of method of dissemination and target audience (i.e., conference presentations, educator networks, community forums, etc.)
- e. Were any problems encountered that prohibited the completion of the project goals or objectives? If yes, how were they overcome?
- f. What benefits were gained from this program?
- g. How could EPA have been more effective in assisting you with this project?

After review of the final report, the EPA Project Officer may request additional information of the recipient. In addition to the report, the recipient should also supply EPA two copies of all tangible final products created for the funded project (i.e., videos, research findings, curriculum, presentations, etc.).

Sample Quarterly Report Format

Grantee Name:

Grant Award ID Number;

Project Leader/Contact Information:

Grant Award Amount:

Project Period:

Reporting Quarter: (1st, 2nd, 3rd, 4th)

Brief Project Description: (2-3 sentences)

Projected Tasks, Objectives & Accomplishments: (MOST IMPORTANT SECTION)

1. Task 1: (from Workplan)
Accomplishments:
 - Detail accomplishments during the quarter's activity relative to Workplan tasks and objectives.

2. Task 2: (from Workplan)
Accomplishments:
 - Detail accomplishments during the quarter's activity relative to Workplan tasks and objectives.

Funding Status:

(Provide information on \$\$ drawn down, remaining account balance, any changes that needed to be made to the budget, etc.)

Upcoming Events/Assistance Required:

(List upcoming events related to the project or organizations involved, request any additional assistance needed by Project Officer - including technical assistance.

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APPENDIX A

Region 2 Response to the Draft Report

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 2

DATE: Nov 16, 2000

SUBJECT: Region 2 Comments on OIG Draft Audit of
Region 2's Management of Children's Health Risk Initiative and Related Projects

FROM: Herbert Barrack (*signed*)
Assistant Regional Administrator for Policy and Management

TO: Paul D. McKechnie
Divisional Inspector General, Eastern Audit Division

Overall, Region 2 finds that the above-referenced report, dated September 19, 2000, misses the larger context in which the Children's Health Risk Initiative is being carried out. While we agree that some aspects of the administration of the program can be improved, and have taken a number of steps to do so (some in response to this report), we also believe that your recommendations and conclusions lack an understanding of the main thrust of this initiative, which is to amplify minimal resources into a major Regional effort. To do this requires that we pilot new types of projects and partner with a variety of groups. We are learning through experience what works well, and we are applying the lessons learned to other ongoing and future projects. We believe the draft report misses this context in evaluating the performance of our projects.

This report would have been of much more value to the Region had it focused on what was working and why, instead of only raising many administrative issues, most of which have little impact on the outcome of these projects. Our specific comments are provided as Attachment 1 to this memorandum.

If you have any questions, please let me know or have your staff contact Scott Opis, Policy, Planning and Evaluation Branch, at (212) 637-3699.

Attachment

cc: H. Maletz, OIG

Region 2 Comments on OIG's Draft Report

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Region 2's specific comments and responses to recommendations are as follows:

2. **Draft Audit Report:** Page ii, last paragraph, second sentence omits the word 'Pilot' from the Child Health Champion Campaign Project.

Region 2 Response: This project is a pilot and is therefore, by definition, a testing of methodologies. The Agency's expectations in funding this project were that we would learn from whatever happened in this effort, whether the results were successful or not. Further discussion on the Child Health Champion Campaign Pilot Project is contained later in this response.

3. **Draft Audit Report:** Page iii, Results in Brief section, first sentence on the page indicates that "The project is about to end and... a one year no cost time extension will be approved."

Region 2 Response: Since there will be a no-cost time extension, the project will not end.

4. **Draft Audit Report:** Page iii, second paragraph, the OIG states that "... four of seven important workplan steps were not fully performed for all schools and primary objectives of assisting the schools in identifying, preventing and resolving IAQ problems were not fully met."

Region 2 Response: While it is true that certain portions of the Indoor Air Quality (IAQ) Tools for Schools (TFS) Kit were not fully completed, this was because the portions cited were either not relevant to the school or the school did not have any significant indoor air quality problems in those particular areas (or in toto) to warrant the completion of those portions of the IAQ TFS protocol. Since completion of the IAQ TFS protocol was connected with elements in the work plan, then certain work plan elements were not completed. However, this did not prevent or inhibit resolution of IAQ problems. To the contrary, the steps were omitted when there was reasonable certainty that no IAQ problems of that type were apparent.

During staff interviews with the audit team, it was apparent that there was a fundamental

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misunderstanding of the IAQ TFS Kit. A successful implementation of the IAQ TFS Kit does not require that all sections of the kit be implemented, only those which are relevant to the school. There are sections in the kit dealing with food handling and HVAC systems. If the school does not have a cafeteria or an HVAC system, then these sections need not be completed. If, after the diagnostic portions of the kit are completed, there are no IAQ problems, then the need for a management plan to deal with IAQ problems is unnecessary. It was this type of important work plan step that was omitted with the full knowledge and approval of the Project Officer (PO). The PO's rationale for doing this was so that more schools could actually be subject to the TFS implementation project and, therefore, more risk reduction could potentially be achieved. This also served to maximize the number of schools which could be covered per dollar of available resources and which meets a numerical GPRA goal.

5. **Draft Audit Report:** Page iii, last paragraph, last line (and carrying forward to the next page) the OIG states that "... children's health related projects were not always completed timely and often did not provide the promised research, education, or outreach environmental products. Thus, anticipated progress on children's environmental health issues were not always attained." This assertion is, in part, attributed to the fact that PO's project filing system was not in accordance with Headquarters' requirements.

Region 2 Response: We take issue with several points of the assertion as well as its link to the contributing factor. First, with regard to the issue of timely project completion, it must be noted that traditionally, grants have had a one fiscal year project period. The one-year project period introduces a mandatory point whereby we have to review the progress of the grant, i.e., at the end of the fiscal year (FY). In many cases, a no-cost time extension is granted at this time so the grantee can finish the work based on our feedback and based on the information the project has provided to-date. If, in the end, no matter what the time period turns out to be (including no-cost time extensions), the grant project provides the outputs desired in a time frame which is usable, then we would view this grant as timely. The audit team would not. The question then remains, whether a grant was completed within its original time frame versus within a time frame that made the results of the grant project useful? We believe that most of our grants are completed timely based on the second criterion.

Secondly, we disagree with the assertion that because project files were not in a condition that was commensurate with Headquarters' guidance, that anticipated progress on children's health issues was not always attained. This will be discussed specifically for each project examined by the auditors and where they arrived at this conclusion.

5. **Draft Audit Report:** Page iv, Recommendation No. 3, suggests improvement of assistance agreement management may be attained, in part, by "...limiting (PO)

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responsibilities for attending conferences, conducting training, and performing outreach activities.”

Region 2 Response: This statement clearly indicates the lack of understanding for how voluntary/outreach programs work. These programs typically are not statutory. Program output is our information and our GPRA goals are based on how many people we get to act on the information provided. Our sphere of influence is determined by whether or not people see us as a source of new and useful information. Attending conferences, meetings and doing outreach is partly how information is transferred and how we become more valuable to our customers. Even when we do not bring funds to the table, our presence can influence large groups of people to include EPA's message into their goals and strategies. Moreover, our own asthma projects are enhanced by this knowledge. We have a much better idea what works and what doesn't. Our outreach activities help us determine how successful our message is at reaching different audiences.

6. **Draft Audit Report:** Page iv, RECOMMENDATIONS suggests improvements in assistance agreements and makes five recommendations.

Region 2 Response: The major thrust of these recommendations is that assistance agreement management needs improvement for the purpose of improving the quality of the results of various projects resulting from such agreements. We disagree with this entire premise. We believe that the results of the projects we have undertaken for children's health protection, asthma risk reduction, and Indoor Air Quality (IAQ) Tools for Schools (TFS) have been largely successful. When projects have not been successful or have failed to meet a specific objective, it has not been caused by assistance agreement management but by other issues. There are a number of key factors we believe that have lead to difficulties.

First, the difficulty in obtaining the services of qualified health support professionals (nurses, in particular) when called for in such agreements was the major factor, or a major factor in the difficulties in the Puerto Rico Asthma Coordinator grant, and the Child Health Champion Campaign Pilot Project (CHCCPP). Second, the extreme difficulty we have encountered in finding qualified grantees to perform the projects in the locations desired has been the root cause of delays with the Camden project cited in the report. The report points out that the final work plan was not in place when the grant was awarded, however, a tentative workplan had been proposed. The report also alludes to the fact that both the PO, the PO's Branch Chief, and the Senior Regional Urban Coordinator devoted extensive time to working with the grantee's project manager to improve and finalize the work plan. When this was not achieved within approximately six months from the beginning of the grant, the grantee's management and Regional management mutually concluded that the project manager was unqualified to do the work and another project manager was put in place. Shortly thereafter, an acceptable work plan was in place. We offer this

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specific example to show that, to the contrary of the conclusions and recommendations of this report, management of assistance agreements at all levels was a prime reason for overcoming difficulties on the particular project. A third difficulty that was encountered in several of the projects was the difficulty in getting people, or in the case of IAQ TFS, school districts, to volunteer to be candidates for the studies. Grantees, POs, and regional management all have miscalculated the time it would take to get volunteers from the public or the public sector to volunteer to be subjects of various projects. This has nothing to do with assistance agreement management. This is an important lesson learned from these projects and, as a result, this difficulty is being addressed in subsequent agreements.

Detailed responses to the specific recommendations are provided below. While we agree with the draft report that some improvements in the management of assistance agreements is warranted, none of the more serious difficulties in any of the projects reviewed were caused by poor management of these agreements. Further, most of the improvements recommended involved improved electronic tracking system and the upgrading of files. All of these improvements were drafted and sent to the audit team manager for comment prior to the end of the team's fieldwork. All of these improvements have been put in place. Therefore, we believe most, if not all of these recommendations are unwarranted or should be re-written to reflect that they have been successfully achieved, during the fieldwork period of this review.

7. **Draft Audit Report:** Page iv, Recommendation No. 4, "We recommend that the Region 2 Administrator improve assistance agreement management by developing an outline for information recipient [sic] should provide in progress and final reports, and scheduling a conference with on-going recipients to remind/reinforce EPA requirements and recipient technical and financial responsibilities."

Region 2 Response: EPA's grant regulations (i.e., 40 CFR §30.51 and 40 CFR §31.40) prescribe the minimum requirements for the contents of a performance report. However, we do agree that there is a benefit to providing additional guidance to Project Officers (POs). Therefore, the development of guidance to assist POs in identifying and communicating to recipients the types of information that should be provided in progress and final reports is on the Region 2 Grants Customer Relations Council's (GCRC's) agenda for FY'01.

8. **Draft Audit Report:** Page 5, second full paragraph, last sentence reads: "Our fieldwork was performed from April 1, 2000 to June 20, 2000."

Region 2 Response: According to records kept by DEPP-RIAB, fieldwork continued past the June 20, 2000 date, if fieldwork is to be considered visits to PO and management work stations. Specifically, information was requested and provided concerning the Puerto Rico Asthma Coordinator grant on August 7, 2000 and information concerning both the 1999 MOA and related

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backup material concerning TFS implementations reported as part of the MOA reporting process were provided as late as during the last week of August. Finally, the draft report cites a reference for July 17-21, 2000 on page 20 in the fourth paragraph, clearly showing that field work carried on past the June 20th date. Therefore, we request the report be changed to reflect accurately the dates fieldwork stopped and for which data collection stopped from the affected organizations. We believe this perspective is key to an understanding of the issues involved in this report, since the data collection ended about one month before the end of FY 2000, and the end of fiscal year time frame is traditionally one in which grants and IAG's are assessed, reviewed, extended or closed out.

9. **Draft Audit Report:** Page 14, seventh line reads, in part, "...many projects reviewed did not achieve the desired goals, objectives or results."

Region 2 Response: We disagree with this assertion and discuss these matters on a per project basis below.

10. **Draft Audit Report:** Page 14 and following concerning the Child Health Champion Campaign Pilot Project overall, finds fault with this project from the standpoint of achieving desired results.

Region 2 Response: The CHCCPP is, as previously mentioned, a pilot project initiated by the Office of Children's Health Protection (OCHP) which began in 1998. The intention of this pilot program was to test a number of methods of reducing risk from environmental problems and to test the outcomes, thereby learning from the successes and failures of the program. By definition, pilots serve as tentative models for future experiment or development. The words tentative, experiment, and development in this definition all point to the nature of these projects as trials. The success or failure of the individual site projects' activities does not indicate the failure of the overall program goals nor even of the individual site's goals, as the overarching intent is to test the methods chosen. This understanding is not reflected in the OIG report. Additional specific points follow.

11. **Draft Audit Report:** Page 15, Difficulties During Implementation Stage section, fourth sentence states that "...follow up of the target study family and child...was eliminated."

Region 2 Response: This is incorrect. During the time when OIG was interviewing the project officer and project manager about the CHCCPP, the Target Study aspect of the project was uncertain. It was, at the time, becoming clear that the existing recruiting methods for the Target Study were not successful. However, no final decisions or changes had been made at the time the OIG was evaluating this project. The project manager was having conversations periodically throughout this time with the PO at EPA and also with Mathematica Policy Research, Inc., a

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consulting firm that was hired by OCHP for the express purpose of helping to design these studies such that their results could best provide a quantitative evaluation of their risk reduction methodologies. In conjunction with Mathematica, the project manager of CHCCPP arrived at a revised plan regarding the Target Study. This was submitted to EPA on August 11, 2000. The revised Target Study includes the following changes:

- A name change to 'Asthma Busters Project'. The project manager received feedback from the community that part of their reluctance to being included in the study was that the name sounded daunting and implied a significant time commitment. This name change gives the impression of something friendlier, less formal, and more helpful to the participants.
- Expansion of the age range for children from 3-4 years old to 12 and under.
- Condensation of the original Target Study plan. Individuals, in staggered order according to their dates of recruitment, are entered into a six month program including:
 - Initial intake appointment with RN, spirometry reading, Asthma 101 education
 - 1st home visit with Asthma Buster, Environmental triggers education
 - 2nd appointment with RN, IPM education
 - 2nd home visit, education evaluation/review
 - 3rd home visit
 - 3rd appointment with RN, evaluation.
- Elimination of a control group. Instead, each participant will serve as their own control/comparison from the start of the intervention to the end.
- Incentives of \$20.00 for each appointment kept, and \$50.00 upon completion of the project (in the form of gift certificates to Pathmark) will be given to participants to help keep them in the study.

As a result of these changes, as of mid-September 2000, nine families had been recruited to participate in the Asthma Busters Project.

The original Target Study would not have had a lot of statistical power because of the very small numbers of participants. This version of the project has the additional handicap of having a less rigorous evaluation component. However, the project will still yield an indication of progress or lack of progress based upon the intervention methods, and that is a good start.

12. **Draft Audit Report:** Page 21, second paragraph takes issue with the PO's and recipient's perception of the reasonableness of the measurable goals for asthma risk reduction associated with the CHCCPP program.

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Region 2 Response: It is true that the EPA project officer and OCHP representatives were aware of the numerical goals that the CHCCPP participants were formulating, and reviewed and approved the numbers. However, in line with the pilot aspect of the project, these EPA personnel were also, to some extent, unfamiliar with what realistic expectations might be for this type of project. This project has been a learning experience for all involved, as was the intention all along. This should be seen as a learning situation.

13. **Draft Audit Report:** Page 22, second paragraph, last sentence presents contradictory information and in such a way as to imply that our failure is clear and obvious to anyone seeing the facts. The report states that the goals set out have not completely been met, and lists the fact that a no-cost time extension has been approved by EPA as just one more in an ongoing line of failures.

Region 2 Response: This is misleading. The approved no-cost time extension extends the time available for the project to complete its goals, and was the reason for granting it. We have every reason to believe the project will be successful in its new time frame.

To some extent, some realism is called for in reviewing the progress of this project. A community-based, grassroots group accepted our call to perform an outreach/intervention project with a technical evaluation aspect with which they were inexperienced. Their willingness to reach beyond their previous ability to take on something that was, essentially, in the domain of professional research, is admirable. Their difficulty in recruiting participants is not unusual to this type of project, including those conducted by professionals in the field. Studies that do not include large incentives to participants and require multiple home visits and clinic visits are notorious for a difficult recruitment period. The difficulty in finding and hiring a nurse is hardly limited to this project. Associated Press wrote on August 1, 1999 about the nurse shortage in the State of New Jersey that was compromising the State's ability to deliver adequate health care. Add to this the fact that the position which the project manager was trying to fill needed to be bilingual, and was only part-time, and it seems surprising rather that the project found a nurse as quickly as it did.

While the OIG report is quick to point out the timeliness of the Region 1 CHCCPP, in fact seven of the eleven CHCCPP sites across the country have requested no-cost time extensions, and two more have indicated their plan to do so. While the OIG may see this as a failure extending beyond EPA Region 2, in fact, it demonstrates the difficulties involved with this type of project and with community-based work in general. The reality of these organizations' lower-budget operations and everyday difficulties in working within their neighborhoods means that very often delays are encountered.

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Nonetheless, EPA has chosen to conduct much of its work through community-based groups because it is a more efficient use of money and reaches the target population more effectively. Learning to work with community-based groups is something that EPA project officers have been doing slowly over the past several years as more EPA programs become oriented in this direction. Improving and learning from this type of interaction is one of the goals of the CHCCPPs.

14. **Draft Audit Report:** Page 22, third paragraph, last line, the OIG states that “EPA Headquarters...is responsible for oversight and monitoring of the Regional IAQ - TFS program.”

Region 2 Response: This is incorrect. Region 2's DEPP RIAB is responsible for monitoring the Regional IAQ TFS program and not EPA Headquarters.

15. **Draft Audit Report:** Page 23 and following make several assertions concerning management of the Western New York Council on Safety and Health (WNYCOSH) IAQ - TFS project.

Region 2 Response: The first and most important point that must be understood is that the IAQ Tools for Schools program is a voluntary initiative. The program is designed for schools to pick up the kit and coordinate, execute and complete a great number of activities over time. Almost nowhere in the country did this ever happen without intervention. There are no visible incentives for schools to follow the program - there are only anecdotal stories of success, and the hope that schools will want to “do the right thing”.

Each school, even within a school district, is very much an individual. They will vary widely in their building characteristics, their culture, their status in terms of the “health” of the building, and their awareness level of things that influence IAQ.

This was the first year of the grant, and it was a learning process - at the time the grant was awarded, there was not much of a national track record for implementation. WNYCOSH had to make adjustments along the way as they encountered difficulties. During the initial phase of the project, the official definition of implementation, as issued by EPA headquarters, had not been decided upon (was not, in fact, issued, until April 17, 2000.) The WNYCOSH proposal was a good faith effort to capture IAQ improvements in the absence of a formal, less stringent, definition of implementation.

It is clear from the OIG report that OIG staff and EPA technical staff do not view implementation of IAQ TFS and improved health outcomes in the same way. OIG staff have determined that unless step Nos. 1-7 occur, it is not reasonable to assume that objectives have been met. Technical staff field experience, however, proves the need for flexibility and adaptability in order

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for a voluntary program such as IAQ TFS to be successful. Improved health outcomes can be attained with the basic implementation definition (as defined by EPA on April 17, 2000) which is a far less strict set of guidelines than WNYCOSH originally proposed. We have tried several times to impress upon the OIG the need to remain flexible based on field experience and how this helps attain more support for a program such as IAQ TFS. Apparently, the audit team either do not understand or do not agree with this view. Additional specific comments follow.

16. **Draft Audit Report:** Page 24, first paragraph, the OIG states that “As of August 7th, the project has not been closed out.”

Region 2 Response: The project was subsequently closed out on September 12, 2000.

17. **Draft Audit Report:** Pages 25 and 26, Subsequent Grant section, first paragraph, the OIG states that “Interestingly, work plan steps 5 and 6 (writing and presenting technical report) which had not been fully performed during the first grant, were modified.”

Region 2 Response: As with any first-time grant dealing with a voluntary program, changes based on prior experiences help serve to strengthen the program. The reporting requirements were changed to allow more flexibility to WNYCOSH and the participating schools. If the building checklist activity/walk-through does not yield large amounts of data (which often can be the case) it is not reasonable to require that a formal report be written. This flexibility is based on the reality that a report written for its own sake yields no benefit to the school nor does it improve the health outcomes for its occupants.

18. **Draft Audit Report:** Page 27, Conclusion section, first paragraph, the OIG states that “EPA was also very satisfied with the apparent success of the project because it believed that the grantee actually *implemented* TFS in 19 schools.”

Region 2 Response: Based on the official definition of implementation, as determined by EPA HQ (April 17, 2000), a “countable” (for GPRA purposes) IAQ TFS implementation need only include the following steps:

1. IAQ Coordinator and/or Team Established
2. Checklists distributed and some returned, Ventilation completed and Teacher, Maintenance, and Renovation begun
3. Walk-through completed
4. Management Plan developed which identifies major issues and priorities determined and repair schedule set. This step does not necessarily indicate that a formal written report be prepared. IAQ TFS itself constitutes an IAQ management plan in that it involves components of staff education, notification of activities to the community at

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large, and complaint/response mechanisms. A walk-through summary (again, not necessarily a formal report) in most cases can be used as a list of major issues identified and priorities that need to be addressed. Often, in our experience, many of the “fixes” are of such a nature as to be “fixable” during the walk-through itself and would not need to be included on a formal “repair schedule.”

The seven steps that WNYCOSH outlines in its original proposal both preceded and exceeded the current acceptable definition of successful IAQ TFS implementation. To that end, with the exception of the Batavia District, the remaining districts/schools had met the basic requirements of implementation by selecting a coordinator, forming a team, distributing and collecting relevant checklists, and having IAQ technical training as part of the walk-through process.

19. **Draft Audit Report:** Page 27, first paragraph, last sentence, the OIG states that “Although EPA might have gotten its “bean count” for 19 schools, the primary objectives of assisting the schools in identifying, preventing, and resolving IAQ problems were not fully met.”

Region 2 Response: In fact, the 19 schools associated with this WNYCOSH project have not been counted as part of the MOA/GPRA reporting requirements as the agreement had not yet been completed and it was not appropriate to “bean count” schools in a project that was not yet completed. Only those schools which met the four criteria listed above will be reported for GPRA purposes, now that the agreement has been closed out. Further, the assertion that not conducting all seven steps somehow means that the project objectives were not met is simply not accurate. While issuing a final written report for each school was not done in all cases, it hardly follows that no improvements in identifying, preventing, or resolving IAQ problems occurred or that improved health outcomes were not met. Due to the voluntary nature of the IAQ TFS program and that the very nature of the program relies on flexibility, certain elements are not going to be applicable or appropriate in all cases. This does not mean, however, that no demonstrable impact on health outcomes occurred.

The second agreement with WNYCOSH was amended to accommodate for more flexibility in working with the individual schools and to not create a reporting requirement if significant findings were not in evidence from the checklist/walk-through activities. WNYCOSH was one of the first organizations nationwide to pilot IAQ TFS in school districts without significant hand holding by EPA. As such, as the project has progressed, the approach used has been refined to allow more flexibility for schools in implementing the program without placing an undue burden on them by requiring steps which may not be relevant.

20. **Draft Audit Report:** Page 27 and following make several assertions concerning management of the NIAID - Hunts Point Inter-Agency Agreement (IAG).

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Region 2 Response: The assertions made in this section are incorrect. This is not terribly surprising due to the difficult and confusing nature of this project. Some history is necessary. In the spring of 1997, the PO for this project began interacting with a manager at the National Institute for Allergy and Infectious Disease (NIAID). She was inquiring as to the possibility of arranging similar asthma projects concurrently in the South Bronx and Puerto Rico in collaboration with NIAID. The discussions with this party led the PO to believe that EPA funds would go to supplement an NIAID-supported asthma project site in the Bronx, and Regional Geographic Initiative (RGI) funds were solicited and obtained within the Region for this purpose. In exchange for this, EPA Region 2 was to be considered a collaborator on a potential similar project to be conducted in Puerto Rico. A number of the e-mails transmitted between these two individuals are part of the file record.

Subsequently, the manager left NIAID and was replaced. Continuing discussions with the new manager led to the same plan, that EPA funds would supplement the Bronx site, which was the Region's goal. The PO attended a meeting in Bethesda, Maryland with NIAID which discussed the ongoing asthma project in question. At this point, still prior to the award date, conversations were occurring between the project officer and NIAID as well as the study group in the Bronx which would implement the project.

In mid-September of 1997, NIAID changed their position and said that it would disturb the statistical congruity of their study, which included numerous sites across the country similar to the site in the Bronx, if EPA expanded the Bronx site with supplemental funds and additional subjects. Therefore, we needed to use the EPA funds for an adjunct, rather than integral, asthma project. While this was disappointing to us, the resulting project which we agreed upon used the same protocol as the original project, only on a smaller scale, and so we proceeded. Because the agreement was now separate from the NIAID-funded project, it was not necessary to give these funds through an IAG as we had originally planned. However, we soon realized that most of EPA's funds would be consumed by the recipient's (Einstein College of Medicine) indirect charges if they were awarded through a grant or cooperative agreement. Consequently, Region 2 opted to enter into an IAG with NIAID, which subsequently awarded a subagreement to Einstein College of Medicine to carry out activities under the IAG.

This project plan, however, failed. Einstein College encountered difficulties in implementing this plan, and as a result, in October 1998, they proposed to NIAID another plan, involving collaborating with the New York City Department of Health (NYCDOH) on their Asthma Initiative. NIAID contacted the PO and she gave oral approval of the switch to the new plan. However, it was not until January of the following year, four months later, that she received any written documentation of the new project plan. Additional specific comments follow.

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21. **Draft Audit Report:** Page 28, third paragraph, first sentence, the OIG states that “In the latter part of 1998 the PO became aware that the original scope of work had been significantly changed even though a proposed budget for the “new” project was faxed to her on September 25, 1997.”

Region 2 Response: This is incorrect. The new project described to the PO in September of 1997 was only slightly revised from the original she had been planning with NIAID all along. The change, of which she became aware in October 1998, was the second change to the current project which now involved working with the NYCDOH.

22. **Draft Audit Report:** Page 29, third paragraph highlights delays in completion of project tasks.

Region 2 Response: Regarding delays, see the discussion under Child Health Champion Campaign Pilot Project regarding delays in community work and barriers to recruiting for asthma intervention projects.

23. **Draft Audit Report:** Page 30, third paragraph, last sentence indicates that certain comments attributable to the [RIAB] Branch Chief “...do not appear to be in line with previously mentioned documents.”

Region 2 Response: We do not see how “these comments” are inconsistent with “previously mentioned documents.” This paragraph should therefore be removed or explained.

24. **Draft Audit Report:** Page 32, last paragraph, sentences two and three allege “...the PO’s lack of communication and coordination in managing this project.”

Region 2 Response: Again, the confusion here is between the two separate changes that occurred in this project. What the project officer became aware of in the Fall of 1997 was a minor change from the original planned scope of work. The changes she became aware of in Fall of 1998 were more extensive and changed the nature of the project.

Finally, the critique of this project, while accurate on many counts such as the convoluted paperwork and unsatisfactory level of interaction with the funds recipient (NIAID), misses the point that this is, indeed, still a very effective project and is a good use of EPA funds. Projects like this, collaborating with significant scientific partners around the Region and with the NYCDOH, are not only effective for our program but have been partially responsible for a 28.4% reduction in hospitalization rates for childhood asthma in New York City from 1997 to 1998. See the conclusions for more discussion on this.

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25. **Draft Audit Report:** Page 33, Rutgers Training Center IAG Amended Nine Times section, implies an inherent problem with multiple amendments to this project.

Region 2 Response: The fact that the IAG in question was amended nine times instead of processed as a series of new agreements is simply an issue as to the methods used by the Regional Management for such agreements. In itself this is not poor management.

26. **Draft Audit Report:** Page 33, second paragraph, points out that two separate amendments were both numbered "7".

Region 2 Response: The PO was aware of the duplicate numbers sometime after 1997. This paragraph implies that no one connected with the IAG, either in DEPP-RIAB or in OPM-GCMB, realized that two different Amendment No. 7s had been processed until the OIG audit. In fact, the Grant Specialist (GS) corrected the record in 1999 when the no cost time extension (NCTE) was processed, a point that the OIG did not include in the report. We request that either the full story of this matter be portrayed in the audit report or that the reference to this duplication be deleted as it had no material effect on the management of the IAG or the resulting project outputs. We suggest that the sentence that states, "The PO or GS were not aware of the duplicative Amendment 7's." be changed to read that "The GS corrected the duplicative Amendment No. 7's when the 1999 NCTE was issued and after being notified of the problem by the PO in 1998."

27. **Draft Audit Report:** Page 33, second paragraph states that "As of June 27, 2000 the Spanish version of the [Integrated Pest Management] video had not been completed."

Region 2 Response: After the English/Spanish Video on Integrated Pest Management was awarded, Region 2 learned of an asthma triggers video being undertaken by Region 7. Combining the development efforts of these videos made for a better final product, one which EPA will use as a part of its national asthma strategy. Additionally, combining the development effort avoided duplicative use of EPA resources. Region 7 is currently completing the translation of the video into Spanish. As soon as that translation is complete and reviewed, the remaining funds under this video project will be used to purchase and distribute additional video copies.

As such, the occurrence of duplicative Amendment 7's did not cause the Spanish video to be completed after June 27, 2000, but rather, the video was delayed by the PO's decision to combine development efforts with Region 7. This was done to save money and enable more copies of the video to be available for distribution. These copies will be available in FY'01, soon enough to help us achieve our overall asthma GPRA goals for FY'05. We, therefore, request that the report be re-worded to clarify the above.

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28. **Draft Audit Report:** Page 33, third paragraph indicates that Amendment No. 8 added "Rodent Tech Support and Training...."

Region 2 Response: In fact, this Amendment added "**Radon**" Tech Support.... Please make that correction in the final report.

29. **Draft Audit Report:** Page 33, No Cost Time Extensions (NCTEs) section implies a problem with such extensions on the Rutgers Training Center project.

Region 2 Response: In 1997, ORIA provided a sum of money for Regions to obtain implementation of IAQ Tools For Schools using assisted walk-throughs. Up to that time the Regions had limited experience in performing these walk-throughs. Two walk-throughs had been performed in Region 2, neither of which included IAQ consultants. Hence the reason for this funding. Region 2 and ERRTC estimated costs for travel, walk-throughs, etc. and specified that 40 walk-throughs would be performed for the amount allocated. Because the Training Center exercised great care in selecting qualified IAQ professionals and in getting travel savings through the use of single trips to do multiple schools, 51 walk-throughs have been performed to-date, and there are still funds available to do walk-throughs in more schools. During the performance of this project, it became clear that because this is a voluntary program and recruitment of schools has been slower than anticipated, it would take longer than previously thought to get candidate schools. Because of the first year successes, recruitment increased substantially over the last school year, so we anticipate project completion this FY.

Since walk-throughs are best performed during heating season in most areas, rushing to complete the project in late Spring or early Fall would have resulted in a less than satisfactory product. The NCTE on the walk-through portion of the project has resulted in a 25% increase over our original estimate to-date, in the number of schools we can count toward our FY'05 GPRA goal. When the project is complete during FY'01 we estimate that the increase will approach 50%. Therefore, the impression that may be obtained from this report, i.e., that NCTEs delayed this project, is totally wrong and clarification is requested. Further, we request that the actual level of success in achieving GPRA goals be stated for the record.

As noted above, DEPP-RIAB had traditionally used a one fiscal year project period for its grants. In the past year or so, we have been making a more realistic appraisal of the time needed to complete projects and providing adequate time in the initial project period.

30. **Draft Audit Report:** Page 34, Decision Memorandum section, states that "A decision memorandum was not prepared for the first eight amended amounts and the one for Amendment 9 was incomplete."

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Region 2 Response: In fact, the PO's file included such a memorandum for Amendment No. 8 and the following three amendments. The incoming correspondence concerning this audit indicated that the review would focus on the last three years. Since Amendment No. 8 was signed in 1997, for the last three years there has been a decision memorandum with each agreement. Since the decision memoranda do exist and are in the project file, we request the paragraph be changed accordingly. Information about the perceived deficiencies to the ninth amendment were not provided by the audit team during the audit or in the draft report. We request such information be provided. A copy of this Decision Memorandum is attached (Attachment 2).

31. **Draft Audit Report:** Page 34, IAG Should be for A Distinct Project section cites Agency guidance documents as calling for each IAG to cover only one distinct project.

Region 2 Response: The Region agrees with this. However, we would recommend some care in the design of future IAGs so that the Region can maintain the same flexibility that allowed us to amend the projects to obtain additional outputs over those originally specified, as well as to allow us to avoid duplicative efforts such as could have occurred with the English/Spanish video.

32. **Draft Audit Report:** Page 34, third paragraph, last line indicates that IAGs must contain a condition that "When requesting payments, a breakdown of the cost associated with billing request must be provided to the PO." Further, "If information is not provided, the PO will notify Financial Management Division to suspend or charge back the payment."

Region 2 Response: This statement does not apply to the IAGs under review since the agreements included advance payments. Cost information was provided with the original work plan and, for deliverables such as course presentations, it is clear that stated purpose has been completed. In addition, the quarterly reports for the walk-throughs include information on costs incurred.

33. **Draft Audit Report:** Page 35, Conclusion section, reiterates the need for individual IAGs for non-related projects and decision memoranda. It also makes note again of the shortage of walk-throughs and the incomplete status of the Spanish IPM video. The last sentence of the second paragraph indicates that "The Region has reported recent projects as separate and distinct elements." The third paragraph alleges that "Amendments for separate activities impacted the Rutgers Training Center's financial accountability as noted in its February 21, 2000 status report."

Region 2 Response: We agree concerning individual IAG's; moreover, the latest amendments have included decision memoranda. See above discussion regarding the completion of walk-throughs and the Spanish video. We do not understand the statement concerning reporting recent projects as separate and distinct elements.

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Regarding the Rutgers Training Center's (ERRTC's) February 21 Status report, this report took into account the overall condition of the training center's financial status and was not specific to the IAGs under review. ERRTC's general operating account includes course revenues, etc. and not items from these IAGs. In addition, errors noted by the OIG were found and corrected prior to this audit.

The crux of the financial problem at the training center was that course revenues were down, a number of grants were ending and/or became NCTE's with little salary money left, and as a result, the ERRTC had to consider reducing its staff. This situation bore no relation to IAG accounting and should be deleted from this report.

34. **Draft Audit Report:** Pages 37 and 38, Montefiore - Asthma project section, characterize this project as likely to "...not be fully successful..."

Region 2 Response: We disagree strenuously with the assessment of this project as being unsuccessful. As previously stated, recruitment for this type of study is notoriously difficult. The project manager experienced considerable difficulties in recruiting for his study yet displayed flexibility and intelligence by his response. Montefiore conducted focus groups to determine the difficulties presented to community members by the project protocol and incorporated what they were told into modifying their process. Through their modifications to their approach, this project is now fully successful. The extension which is being granted is to complete enrollment of only a few additional families.

This project has compared and contrasted different methods of asthma intervention and had a very intensive clinical evaluation to measure their relative success. Were it not for the commitment and extensive in-kind services provided by the grantee to this project, this small amount of EPA funding could never buy such an in-depth project. We believe that Montefiore Medical Center has been an excellent grantee and this project one of our best.

35. **Draft Audit Report:** Page 38, Puerto Rico DOH project section, discusses a number of issues concerning this project and concludes that "The PO and Branch Chief acknowledged this was not a successful project."

Region 2 Response: Several important items are left out of this analysis. First, the grant was initiated by the DRA and a Division Director on October 1, 1996. The project proceeded until Fall of 1997 when the original asthma coordinator hired by the PR DOH left to get her Ph.D. The PR DOH had difficulty in finding a replacement and it took six months for them to finally hire a replacement who we believe was simply not as well qualified as the previous coordinator. Since, the asthma coordinators were responsible for providing the referenced status reports, delayed and missing reports were the direct result of not having a qualified person filling the asthma

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coordinator position or the vacancy itself. We concur with the assertion that this was not a successful project, but we disagree with the implication that the project was unsuccessful because of untimely reporting or less than adequate monitoring of the project. We emphasize that the cause of the failure was the inability of the PR DOH to find and hold a qualified individual in the position of asthma coordinator.

RIAB has reviewed the final report prepared. Our overall recommendation and conclusion from this and from other projects where there is a similar reliance on the grantee obtaining services of qualified health professionals is that unless such services can be reasonably guaranteed, the grant should not be awarded.

36. **Draft Audit Report:** Page 39, IPM - Lehman Houses project section, first paragraph characterizes this as “a successful project due to the PO’s and recipient’s outstanding efforts”.

Region 2 Response: We wish only to add to this description of this successful project that as a direct result of EPA’s pilot project, the New York City Council has agreed to fund the replication of this pilot on a much larger scale. They will fund the NYCDOH at a level of \$900,000 per year for three years to support NYCDOH and Hunter College in implementing an IPM program in New York City Housing Authority Buildings citywide.

37. **Draft Audit Report:** Page 42, What Was Found section, first paragraph, item (i) “inadequate review and approval of applicants’ project narrative/workplan;”

Region 2 Response: Of the eight RIAB projects for which the audit report provides commentary between page Nos. 14 and 41, two or perhaps three may be the subject of this comment. In the case of the CHCCPP, the applicant’s projects were carefully reviewed but, in some cases, as detailed previously, their goals turned out to be unrealistic. Our ability to determine this was not a function of the adequacy of our review but of our lack of experience in dealing with this subject. This was the first project of its kind attempted in Region 2.

38. **Draft Audit Report:** Page 42, What Was Found section, first paragraph, item (ii) “incomplete decision memorandum;”

Region 2 Response: This applies only to the IAG with ERRTC, see comments above. The period covered by this audit survey, as explained at the kickoff meeting was three years. As such we reviewed the files for that period and found the three decision memoranda for that period contained in the files. We further note that the Branch Chief for the PO of this agreement was told by the audit team member who inspected this POs files that the POs files were exemplary. In

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light of this comment, we cannot reconcile the statement in the draft report, and as such we request this be removed from the final report.

39. **Draft Audit Report:** Page 42, What Was Found section, first paragraph, item (iii) “untimely submitted required progress and final reports”

Region 2 Response: We agree that there were projects that had untimely progress reports as follows:

- CHCCPP - 4 of 8 progress reports were late;
- IAQ - TFS; NIAID - Hunts Point - first report sent in May 1999 — yet while the audit team points out that it was 20 months late, the start of the project was commensurately late, 16 months. In short, the grantee had nothing to report because the change in the project scope had not been satisfactorily changed.
- Rutgers IAG - progress on this IAG is done via monthly meetings attended by the PO who sits on the RRTC steering committee;
- Camden - Asthma & Lead Abatement - Due to the frequency meetings and close collaboration with the grantee under this cooperative agreement, written quarterly status reports were not necessary;
- Montefiore - Asthma - five of six progress reports were received and this was caused by the difficulty in recruiting people for the study. The level of reporting was commensurate with the activity of the project which was driven by the lack of study subjects.
- PR DOH - reports were truly untimely and sporadic and caused by the fact that PR DOH did not have anybody filling the position required to do the reports. We believe it would be more constructive to make a precise and quantitative listing of what occurred so that specific improvements could be recorded.

40. **Draft Audit Report:** Page 42, What Was Found section, first paragraph, item (iv) “lack of financial monitoring;”

Region 2 Response: Financial monitoring was done by the POs consistent with the information required in the grantee’s periodic reports and with PO training. When difficulties were encountered in some of the projects, and when these difficulties required review of the finances of the project, these data were requested by the PO or the PO’s Branch Chief and received and reviewed. In most cases this meant that financial data was obtained on a real time basis, instead of relying on a historical periodic report. We, therefore, request that this statement be removed. Should the report wish to offer constructive suggestions on how financial monitoring of grantees can be improved, we would be receptive to that input.

41. **Draft Audit Report:** Page 42, What Was Found section, first paragraph, item (v) cites “frequency of no-cost time extensions;”

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Region 2 Response: The NCTEs granted are viewed here as a problem. In general, we disagree with this assessment and our analysis of why we disagree, on a per project basis, follows.

- CHCCPP - NCTE will be granted to assure that there is sufficient time to finish the amended work plan. Of the 11 Regional CHCCPP projects around the country, 9 will need a NCTE to finish their work.
- NIAID - Hunts Point - NCTEs have extended this project so that a revised scope of work and the subsequent work could be done. A 28.3% reduction in the Hunts Point asthma rate as measured in hospital admissions for children 0-14 may serve as the best proof that the NCTEs to keep this project going are not “problems.” While most of this reduction is likely attributable to effective patient case management and better medical care overall, we cannot help but believe that our support for this project has made some positive contribution.
- Rutgers - IAG - NCTEs were used to extend the IAQ TFS project which has resulted in a 25% increase [over the originally proposed number] in the number of schools implementing TFS [a GPRA goal] to date and will, in all likelihood, result in about a 50% increase by the end of the project. We do not view this as a problem but rather, a benefit.
- English/Spanish video project - NCTEs which were used to extend this resulted in or will result in more Spanish videos ultimately being produced and the avoidance of a duplicative effort between Regions 2 and 7. Again, we see this not as a problem but rather, a benefit.
- Camden - Asthma Lead Abatement - a NCTE will be processed so that the work plan which was finalized in the Spring can be completed. The NCTE will be the difference between an acceptable and successful project and no project at all.
- Montefiore - Asthma - again, an NCTE is being used to get the desired outputs from the project and is not seen as a problem but rather, a benefit.
- Puerto Rico DOH - the two NCTEs were used in the hope that a new coordinator could successfully complete the project. This did happen.

42. **Draft Audit Report:** Page 42, What Was Found section, first paragraph, item (vii) alleges “projects not reviewed and evaluated;”

Region 2 Response: All Children's Health projects, including those examined by the audit team, are reviewed and evaluated by the Region, both during the course of the project and following completion (see below for more information on how project results are communicated nationally).

43. **Draft Audit Report:** Page 42, What Was Found section, first paragraph, item (viii) alleges “untimely project closeout.”

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Region 2 Response: In many cases this again involves the definition of timely. In general, EPA policy requires that assistance agreements be closed out within 180 days of the expiration of the project. Of the eight projects discussed in the report, six are ongoing. Two have been completed and are being closed out within the time frame mentioned above. The PR DOH project is one of these projects and the untimely closeout is directly related to the inability of the grantee to secure the services of qualified personnel to do the work and write the final report.

44. **Draft Audit Report:** Page 53, Projects Not Evaluated section, alleges several shortcomings with regard to PO review, evaluation, and dissemination of reports and other project deliverables.

Region 2 Response: POs have a system to disseminate recipients' reports and report on progress prior to completion of a project. Regional IAQ staff have a monthly conference call which includes a round of news items from each Region. Projects of interest are routinely reported on and written material provided to interested Regions. Each DEPP-RIAB staff member concerned with Indoor Environments issues is on a Headquarters team covering asthma, Environmental Tobacco Smoke, Schools, or Radon. Thus, information shared with the team is often then shared with National Cooperative partners, as appropriate. This information is also shared by attending conferences, meetings, and outreach sessions.

EPA's ability to recognize and promote successful programs is not impaired. In fact the asthma triggers/IPM video will be used as a national EPA product. IPM and roach issues were included in National Asthma Intervention Studies; indoor environmental issues are included as a separate goal of the Pediatric Asthma Coalition of NJ; NYC Housing Authority is looking at IPM and trigger avoidance in City Housing; NYC Board of Education has begun piloting IAQ TFS in its 1,100 schools because information from the programs of DEPP-RIAB were successfully conveyed to other groups in person at critical times in their program development. This provides the Agency with huge leverage in getting our GPRA message incorporated as part of other groups' strategies, often at little or no direct cost to EPA.

45. **Draft Audit Report:** Page 60, Recommendation No. 3-1

“We recommend that the Regional Administrator instruct the Chief, Radiation and Indoor Air Branch, Division of Environmental Planning and Protection to complete implementation of the recently revised PO project files organization. Periodically review files to ensure they are complete, organized and in compliance with requirements.”

Region 2 Response: This recommendation should be removed. The subject Branch Chief had informed the audit team leader at a meeting in June 2000 that periodic review of files did take place. In addition, the recently revised PO project file organization was completed during the

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month of July 2000 and reported to the audit team leader. There is no reason to recommend periodic review of files when it is already standard practice. The revised organization of these files as set forth by the revised PO guidance was undertaken, and completed and reviewed as part of the mid-year performance process for all staff with PO responsibilities.

46. **Draft Audit Report:** Page 60, Recommendation No. 3-2

“We recommend that the Regional Administrator instruct the Chief, Radiation and Indoor Air Branch, Division of Environmental Planning and Protection to reduce the number of projects assigned to a PO by redistributing workload, assigning fewer future projects, combining agreements into larger projects, or assigning alternate POs to assist the PO in certain areas.”

Region 2 Response: Workload redistribution was discussed with the audit team leader and that discussion is referenced in the audit report. Simply stated, redistribution to lower the workload of one PO will only result in a greater workload on another fully loaded PO. While combining agreements into larger projects sounds like an admirable goal, it should be noted that the report concludes that at least one IAG should have been broken down into many separate agreements. If this recommendation remains in the report we suggest that the audit team provide specific examples where they believe combinations can occur.

The idea of having alternate POs assist other POs as a recommendation is, in fact, an existing practice of the Branch with regard to many of these projects and was discussed with the audit team leader in the aforementioned June meeting. Additionally, the workload placed on RIAB POs has been the subject of management review at the Division Director/Regional Administrator level. A May 22, 2000 memo detailing DEPP FY 2000 position allocations discusses the conversion of an over-ceiling position to a regular position for IAQ work. This memo was submitted to the audit team leader and indicates that we are aware that our POs have a heavy workload, but is not referenced in the draft report. We believe that any reference to the work load of POs without a concurrent discussion of management's understanding of the situation and its steps to deal with the matter results in a lack of perspective in the report on this issue. We, therefore, request that this section be re-written to reflect senior management's concerns and subsequent actions.

47. **Draft Audit Report:** Page 61, Recommendation No. 3-3

“We recommend that the Regional Administrator instruct the Chief, Radiation and Indoor Air Branch, Division of Environmental Planning and Protection to reduce or limit PO responsibilities for attending conferences, conducting training, performing outreach activities, etc. to be able to devote more time to monitor assigned projects.”

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Region 2 Response: This recommendation should be eliminated as it runs counter to every practice that has yielded positive and constructive results for the program. Also please see our comment No. 5. It is critical that employees keep up-to-date, particularly as asthma in children is still an emerging issue. Our staff needs to interact with other professional colleagues so that we fund projects that are significant and worthwhile.

48. **Draft Audit Report:** Page 61, Recommendation No. 3-4

“We recommend that the Regional Administrator instruct the Chief, Radiation and Indoor Air Branch, Division of Environmental Planning and Protection to verify that detailed final statements of work are submitted containing specific goals, objectives, and performance measures. They should be adequately reviewed to determine the reasonableness of the recipient's goals, anticipated outcomes, and project/budget periods. (A Workplan checklist form should be considered.)”

Region 2 Response: This recommendation should be eliminated since this is already standard practice. Occasionally, grant approvals are expedited as a result of regional priorities. These cases have been discussed in detail with the audit team leader.

49. **Draft Audit Report:** Page 61, Recommendation No. 3-5

“We recommend that the Regional Administrator instruct the Chief, Radiation and Indoor Air Branch, Division of Environmental Planning and Protection to submit a complete and accurate program office recommendation for award (decision memorandum). Specifically, a non-competitive award justification must be included to provide a reasonable basis for the award.”

Region 2 Response: This recommendation should be eliminated as it is already standard practice. In the cases where the lack of such a decision memorandum is noted, the audit team missed the memos during their field work.

50. **Draft Audit Report:** Page 61, Recommendation No. 3-6

“We recommend that the Regional Administrator instruct the Chief, Radiation and Indoor Air Branch, Division of Environmental Planning and Protection to develop an outline for technical and financial information that grant recipients should provide in progress and final reports. This outline could be in the form used by EPA's New England Region. (Exhibit 2)”

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Region 2 Response: EPA's grant regulations (i.e., 40 CFR §30.51 and 40 CFR §31.40) prescribe the minimum requirements for the contents of a performance report. However, we do agree that there is a benefit to providing additional guidance to Project Officers. Therefore, the development of guidance to assist Project Officers in identifying and communicating to recipients the types of information that should be provided in progress and final reports is on the Region 2 Grants Customer Relations Council's (GCRC's) agenda for FY'01.

51. **Draft Audit Report:** Page 61, Recommendation No. 3-7

“We recommend that the Regional Administrator instruct the Chief, Radiation and Indoor Air Branch, Division of Environmental Planning and Protection to initiate a system for tracking progress report due dates, PO reminder letters, non-submissions, late and incomplete submissions, and documenting justifications for waiving reports. Recurring reporting problems should be brought to management's attention for further actions.”

Region 2 Response: This system was instituted. The OIG noted this on page 59 under RIAB's Actions, last sentence of the first paragraph of that section. Further, the tracking summary sheet was submitted to the audit team leader for his review and recommendations prior to the completion of their field work. No comments were received from the audit team. We also request that the citation mentioned above on page 59 be amended to include that this tracking system has been successfully put in place.

52. **Draft Audit Report:** Page 61, Recommendation No. 3-8

“We recommend that the Regional Administrator instruct the Chief, Radiation and Indoor Air Branch, Division of Environmental Planning and Protection to schedule a conference with on-going and new recipients to discuss/reinforce EPA requirements and technical and financial responsibilities. A GCMB representative should discuss financial matters. Other topics should include timing and content of progress and final reports.”

Region 2 Response: Grants Specialists and Project Officers currently conduct, when appropriate, post-award monitoring activities, including technical assistance reviews and other outreach activities to discuss grant requirements. These joint monitoring activities are conducted in accordance with the Region 2 Post-Award Management Plan and Procedures, which promote a cooperative effort between the grants office, program divisions and others in monitoring Region 2 grant and cooperative agreement recipients. However, GCMB will work with RIAB to identify an appropriate mechanism for communicating/reinforcing EPA grant requirements regarding technical and financial responsibilities to recipients under RIAB's purview.

53. **Draft Audit Report:** Page 62, Recommendation No. 3-9

“We recommend that the Regional Administrator instruct the Chief, Radiation and Indoor Air Branch, Division of Environmental Planning and Protection to develop and implement a system to document the review of assistance applications, work plans, time lines, progress and final reports, and other deliverables. Comments should be provided to recipient where applicable.”

Region 2 Response: Region 2 has established procedures for documenting reviews of assistance applications, workplans, time lines, progress and final reports and other deliverables. Application and workplan reviews are documented through the Project Officer Award Approval Recommendation Memorandum (i.e., the decision memorandum). The Baseline monitoring checklists and telephone log forms in Region 2's Post-Award Monitoring Procedures provide a mechanism for tracking the receipt of reports and other deliverables and documenting follow up with recipients on any issues identified during these reviews. The baseline monitoring checklist for Project Officers will be enhanced to include review questions focused on the content and acceptability of technical reports and deliverables submitted by recipients.

54. **Draft Audit Report:** Page 62, Recommendation 3-10

“We recommend that the Regional Administrator instruct the Chief, Radiation and Indoor Air Branch, Division of Environmental Planning and Protection to design telephone/meetings logs or standardized forms to document relevant actions. Store electronically relevant information (i.e. e-mails).”

Region 2 Response: As noted in the draft report, POs have already been directed and have agreed to save all e-mails and document reviews, meetings and telephone conversations in a separate folder. Checklists and telephone log forms have already been designed and can be found in Region 2's Post-Award Monitoring Procedures. Since we have already implemented this recommendation, we request it be removed.

55. **Draft Audit Report:** Page 62, Recommendation No. 3-11

“We recommend that the Regional Administrator instruct the Chief, Radiation and Indoor Air Branch, Division of Environmental Planning and Protection to reduce the number of initial and subsequent no cost time extensions and ensure they are timely requested and processed by implementing the March 30, 2000 Regional guidance.”

Region 2 Response: NCTEs have only been requested to extend projects so they could meet their goals. See previous comments above. Also, as noted above, during the past year we have been reviewing proposed project periods to ascertain their reasonableness. However, the level of

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NCTEs utilized seems consistent with the nature of the projects, some being pilot projects, and the time frames in which results could be achieved. We disagree with this recommendation and request that it be removed.

56. **Draft Audit Report:** Page 62, Recommendation No. 3-14

“We also recommend that the Regional Administrator instruct the Chief, Grants and Contracts Management Branch to schedule meetings with program offices to reinforce PO responsibilities and discuss the PO Handbook and recent Region 2 policy and guidelines.”

Region 2 Response: Information regarding recent Region 2 and National policies, procedures and guidance is currently disseminated to the Project Officers during the Project Officer basic and refresher courses, periodic e-mail messages and the Intranet. Additional mechanisms for information dissemination are being evaluated.

57. **Draft Audit Report:** Page 63, Recommendation No. 3-15

“We also recommend that the Regional Administrator instruct the Chief, Grants and Contracts Management Branch to expand the award terms and conditions narrative for required progress and final reports to include additional information. EPA's New England format (Exhibit 2) should be considered.”

Region 2 Response: In an effort to comply with the requirements of EPA Order 5700.2, Implementation Order to Streamline Small Grants (Small Grants Policy) with respect to keeping the administrative terms and conditions to a minimum, Region 2 limited the terms and conditions for small grants (\$100,000 or less) to only those conditions that were stated in grant regulations or statutes. The minimum requirements for the content of progress and final reports are included in the regulations (see 40 CFR §30.51 (d) and §31.40 (b)(2)). However, Region 2 provides guidance to Part 30 and Part 31 recipients of small grants and cooperative agreements through guidance that is transmitted with the award document. Prior to implementation of the Small Grants Policy, this information was included as a term and condition of small grant awards.

As indicated previously, development of guidance to assist Project Officers in identifying and communicating to recipients the types of information that should be provided in progress and final reports is on the GCRC's agenda for FY'01.

58. **Draft Audit Report:** Page 63, Recommendation No. 3-17

“We also recommend that the Regional Administrator instruct the Chief, Grants and Contracts Management Branch to determine that recipients have developed and

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implemented adequate internal control and financial management systems that comply with OMB and EPA regulations, specifically dealing with time/payroll distribution system.”

Region 2 Response: Region 2 has established a procedures for determining an applicant's compliance with standards for financial management systems as codified in EPA grant regulations (40 CFR §30.21 and §31.20). A copy is attached for your information (Attachment 3). To further address the issue of adequate financial management systems, the OIG agreed to work with GCMB to develop guidance to make recipients aware of the requirements placed upon them.

59. **Draft Audit Report:** Page 63, Recommendation No. 3-18

“We also recommend that the Regional Administrator instruct the Chief, Grants and Contracts Management Branch to verify that program office decision memoranda is fully completed with required information. Incomplete forms should be returned to program office.”

Region 2 Response: Region 2 has established a procedure whereby incomplete decision memoranda are returned to the program office. The decision memorandum is returned with a cover memo identifying the deficiency.

60. **Draft Audit Report:** Page 63, Recommendation No. 3-19

“We also recommend that the Regional Administrator instruct the Chief, Grants and Contracts Management Branch to increase coordination with POs regarding recipient's performance. For example, periodically conduct recipient technical assistance reviews with POs to ensure compliance with regulations.”

Region 2 Response: The Grants Specialists currently conduct, when appropriate, post-award monitoring activities, including technical assistance reviews, with Project Officers. These joint monitoring activities are conducted in accordance with the Region 2 Post-Award Management Plan and Procedures, which promote a cooperative effort between the grants office, program divisions and others in monitoring Region 2 grant and cooperative agreement recipients.

61. **Draft Audit Report:** Page 64, the OIG criticizes the Children's Workgroup for not having regular meetings and suggests this impeded its productivity.

Region 2 Response: The Workgroup is meeting, however, as the issues evolved, the members and direction of the group have changed. Since this program by its very nature is cross-media and newly emerging, the Children's Workgroup needs to be able to change to include the best

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available partners. Accordingly, we have found it more productive to work internally with staff members who are working on the issues in focus (lead, asthma, and sun exposure).

To hold meetings with staff that do not have the time nor expertise on the issues as these evolve would actually be counterproductive to the Workgroup's mission. Additionally, we have found it productive to expand the Workgroup to include other agencies. As a result, we have led and participated in inter-agency workshops on these issues. These meetings and workshops are not given mention in the draft report.

**PROCEDURES FOR DETERMINING APPLICANT COMPLIANCE WITH
40 CFR §30.21 or 40 CFR §31.20**

(if no previous awards have been made to the applicant by Region 2)

1. Single Audit Available
 - a. Require applicant to provide a copy of most recent Single Audit performed in accordance with OMB Circular A-133 or A-128, as applicable.
 - b. Review Single Audit sections related to financial record keeping and internal controls of Federal assistance programs. If there were any findings or questioned costs, determine whether they relate to the type of activities included in the assistance agreement to be awarded by EPA. If they do, proceed as follows:
 - i. If they are judged by the auditor as immaterial, include a condition in the grant that addresses the problem included in the finding (e.g., if the finding was that drug-free workplace procedures were not being implemented consistently, include a condition reiterating the drug-free workplace requirements in effect under the assistance agreement).
 - ii. If they are judged by the auditor as reportable conditions/material weaknesses, consult with Team Leader and/or Branch Chief regarding whether to impose special conditions in accordance with 40 CFR §30.14 or designate the recipient as a "high risk grantee" in accordance with 40 CFR §31.12 and proceed as described in that section.
 - iii. If problems are too significant, recommend that grant not be awarded to this applicant (unless the applicant can demonstrate that the problems have been corrected since the Single Audit).
2. No Single Audit Available but Grants Received from Other Agencies
 - a. Require applicant to provide a listing of grants received from other Agencies, along with name of contact person in the other Agency.

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- b. Check with a sampling of other Agencies to determine whether problems were encountered.
 - c. Document results of 2.b. in file; if there were problems with the other Agencies' grants, proceed as in 1.b.i., 1.b.ii, or 1.b.iii., above, depending on the severity of the problem(s).
3. No Single Audit Available and No Grants Received from Other Agencies
- a. Require applicant to submit description of accounting practices and provide description of qualifications and experience of person(s) to be responsible for financial record keeping.
 - b. Review description of accounting practices to ascertain whether or not they meet the regulatory requirements described in the relevant section of the regulations listed above.
 - c. Review the qualifications of the person(s) to be responsible for financial record keeping to ascertain whether or not they have acceptable qualifications and experience to perform this function.
 - d. If there appear to be problems with 3.b and 3.c, above, recommend one of the following courses of action to Team Leader and/or Branch Chief:
 - i Delineating area(s) that need to be revised, and communicating this to applicant in writing; not awarding funds until revisions are made;
 - ii Awarding funds with condition(s) as described in 1.b.i., or 1.b.ii., above, and precluding costs to be incurred or charged to the agreement, or payments to be requested or made, until the problems are solved.
 - iii Performing a site visit to obtain additional information or assist applicants in correcting problem(s) with internal control system(s).
 - iv. Proceeding as in 1.b.iii., above.

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