



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

EPA's International Program Office Needs Improved Strategic Planning Guidance

Report No. 13-P-0386

September 9, 2013



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Abbreviations

EPA	U.S. Environmental Protection Agency
FY	Fiscal Year
IGMS	Integrated Grants Management System
NEPA	National Environmental Protection Act
OIG	Office of Inspector General
OITA	Office of International and Tribal Affairs

Cover photo: Examples of environmental problems addressed using EPA grant funding to (from left) combat air pollution and reduce e-waste. (EPA photos)

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At a Glance

Why We Did This Review

The objective of this evaluation was to determine how the U.S. Environmental Protection Agency (EPA) ensures that environmental and human health goals are achieved through partnerships with international entities. We focused on (1) the statutory authority by which the EPA awards international grants, (2) anticipated environmental outcomes of foreign grants, and (3) tools in place to manage outcomes and measures for grants. We focused on activities of the EPA's Office of International and Tribal Affairs (OITA), which awards grants to support international activities.

This report addresses the following EPA Themes:

- *Addressing climate change and improving air quality.*
- *Taking action on toxics and chemical safety.*
- *Working toward a sustainable future.*

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

The full report is at:
www.epa.gov/oig/reports/2013/20130909-13-P-0386.pdf

EPA's International Program Office Needs Improved Strategic Planning Guidance

What We Found

The EPA has the statutory authority to conduct international activities and has several tools in place to help ensure that its partnerships with international entities achieve environmental and human health goals. However, the EPA's OITA needs additional strategic planning guidance to better manage anticipated environmental outcomes of foreign grants.

The EPA has the legal authority to award international and foreign grants under: (1) specific international grant authorities, and (2) research and demonstration authorities that are supplemented by the National Environmental Policy Act. Further, the EPA uses a combination of grants management tools, such as the Integrated Grants Management System and project officers, to help manage outcomes and measures.

Although OITA collects environmental outcome/output information, OITA has not incorporated the information into a comprehensive strategic planning document. Also, the allocation of resources for planned activities is not described within OITA's current strategic planning documents. OITA's strategic planning guidance needs to be updated to provide greater accountability and justification for the international activities and grants that OITA manages. This would help assure that OITA's grants align with the EPA's goals of advancing public health and environmental improvement and that EPA resources are properly allocated.

Recommendations and Planned Corrective Actions

We recommend that the assistant administrator for OITA develop strategic planning guidance to document how OITA links its achieved outcomes for international and foreign grant activities to its strategic plan goals, the process used by OITA to allocate resources for its international and foreign grant activities, and how OITA's international and foreign grant activities align with the EPA's overall goals.

The agency concurred with our findings and recommendation. The agency provided corrective actions and an estimated completion date that meet the intent of the recommendation. The recommendation is resolved and open with corrective actions ongoing. No further response to this report is required.



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

THE INSPECTOR GENERAL

September 9, 2013

MEMORANDUM

SUBJECT: EPA's International Program Office Needs Improved Strategic Planning Guidance
Report No. 13-P-0386

FROM: Arthur A. Elkins Jr.

A handwritten signature in black ink, appearing to read "Arthur A. Elkins Jr.", is written over the printed name.

TO: Michelle DePass, Assistant Administrator
Office of International and Tribal Affairs

This is our report on the subject evaluation conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. This report represents the opinion of the OIG and does not necessarily represent the final EPA position. Final determinations on matters in this report will be made by EPA managers in accordance with established audit resolution procedures.

Action Required

Because you agreed to the report's recommendation and provided corrective actions and an estimated completion date that meet the intent of the recommendation, you are not required to provide a written response to this final report. The recommendation is resolved and open with corrective actions ongoing. Should you choose to provide a response to this final report, we will post your response on the OIG's public website, along with our memorandum commenting on your response. You should provide your response as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended.

We will post this report to our website at <http://www.epa.gov/oig>.

If you or your staff have any questions regarding this report, please contact Assistant Inspector General for Program Evaluation Carolyn Copper at (202) 566-0829 or copper.carolyn@epa.gov; or Acting Director for Toxics, Chemical Management, and Pollution Prevention Evaluations Jerri Dorsey at (919) 541-3601 or dorsey.jerri@epa.gov.

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Purpose

Our objective was to determine how the U.S. Environmental Protection Agency (EPA) ensures that environmental and human health goals are achieved through partnerships with international entities. Specifically, we focused on:

- The statutory authority by which the EPA awards international grants.
- The anticipated environmental outcomes of foreign grants.
- Tools in place to manage outcomes and measures for grants.

Background

The EPA's work to improve the environment extends to nearly 180 nations worldwide. This work is conducted through collaborative efforts with partners from around the world to facilitate commerce, promote sustainable development, protect vulnerable populations and engage diplomatically around the world. Some of these activities are funded with federal financial assistance, such as cooperative agreements and grants.

The EPA awards cooperative agreements and grants to both countries and organizations to support international activities that protect human health and the environment while advancing the United States' national interests through international collaboration. Program offices such as the Office of Air and Radiation, Office of Enforcement and Compliance Assurance, and Office of International and Tribal Affairs (OITA) conduct and manage international work. This report focuses on OITA.

Congress has recently shown interest in the EPA's international activities. In 2011, Congress asked the EPA about the costs and benefits of its international grants. In 2012, Congress proposed legislation that would restrict the agency from awarding grants for international activities to improve air pollution.¹ The EPA testified that these international activities achieve mutual benefits including environmental regulations similar to EPA and improved pollution control technologies.

Office of International and Tribal Affairs

OITA manages various types of activities, such as partnerships, bilateral agreements, and international and foreign grants. According to OITA, partnerships are generally multilateral, voluntary activities that are centrally organized around shared goals. Bi/multilateral agreements involve the United States and other governments agreeing to pursue specific goals and activities that

¹ The bill would revoke authority specifically under the Clean Air Act. See H.R. 4255, "Accountability in Grants Act of 2012." As of June 5, 2013, the act has not been voted on.
<http://energycommerce.house.gov/hearing/legislative-hearing-hr-4255-accountability-in-grants-act-of-2012>.

are both important to the U.S. government and consistent with agency's international priorities.

Six international priorities serve as the strategic focus of OITA's international program activities:

1. Building Strong Environmental Institutions and Legal Structures.
2. Combating Climate Change by Limiting Pollutants.
3. Improving Air Quality.
4. Expanding Access to Clean Water.
5. Reducing Exposure to Toxic Chemicals.
6. Cleaning Up Electronic Waste (E-Waste).

International grants or cooperative agreements are awarded to a domestic entity to perform work abroad. Foreign grants differ in that they are awarded to a foreign government, international organization, or non-governmental international organization or institution. For fiscal year (FY) 2012, OITA received more than \$3.5 million in appropriated funds for international grants.

Scope and Methodology

We conducted this performance evaluation in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the evaluation to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our results based upon our objectives. We conducted this evaluation from November 2012 to July 2013.

To determine how the EPA ensures that environmental and human health goals are achieved through partnerships with international entities, we focused our review on international and foreign grants managed by OITA. Specifically, we reviewed six grantee files provided by OITA. To determine what tangible environmental outcomes OITA expects to receive from international and foreign grants, we reviewed grant planning and performance documents. We also reviewed associated OITA performance measures used to capture outcomes.

To determine the tools in place to manage outcomes and measure results, we interviewed EPA staff from OITA (including six project officers), the Office of Enforcement and Compliance Assurance, the Office of Air and Radiation, and the Office of Grants and Debarment. We also interviewed staff from the U.S. Department of State and the U.S. Agency for International Development. We reviewed relevant EPA policies and procedures, strategic planning documents, and data from the Integrated Grants Management System (IGMS). We also reviewed relevant U.S. Government Accountability Office and Office of Inspector General (OIG) reports. To determine the statutory basis for the EPA awarding international grants, we reviewed relevant statutes and met with agency staff.

Results of Review

The EPA has the statutory authority to conduct international activities and has several tools in place to help ensure environmental and human health goals are achieved. Although EPA's Foreign Grants Policy and National Program Guidance direct the development of certain strategic planning elements, the EPA's OITA needs additional strategic planning guidance to better manage anticipated environmental outcomes of foreign grants.

Statutory Authority

The EPA has the legal authority to award international and foreign grants under:

- Specific international grant authorities.
- Research and demonstration authorities that are supplemented by the National Environmental Policy Act (NEPA).²

The majority of the agency's international grants are awarded under the EPA's research and demonstration grant authorities as supplemented by Section 102(2)(F) of NEPA. The research and demonstration grant authorities are contained in such federal environmental statutes as the following:

- Clean Water Act (Section 104(b)(3)).
- Clean Air Act (Section 103(b)(3)).
- Solid Waste Disposal Act (Section 8001(a)).
- Toxic Substances Control Act (Section 10).
- Federal Insecticide, Fungicide, and Rodenticide Act (Section 20).
- Safe Drinking Water Act (Section 1442).
- Marine Protection, Research, and Sanctuaries Act (Section 203(a)(2)).

Although each of these statutes is unique, they generally authorize the EPA to award grants to a variety of eligible entities for activities such as research, demonstrations, experiments, investigations, training and education in the areas of air pollution, water pollution, solid waste, pesticides and toxic substances.

According to the agency, these research and demonstration authorities can also provide independent grant authority for international grants only if the activities are anticipated to result in benefits that are transferable to any domestic environmental program. If there is no transferrable benefit and no other explicit international grant authority exists, the EPA's research and demonstration grant authorities may be supplemented by Section 102(2)(F) of NEPA, which authorizes and directs the agency to lend support to international activities designed to maximize

² There are a number of specific international grant authorities, for example Section 617(b) of the Clean Air Act, 42 U.S.C. §7671p(b), relating to the Montreal Protocol on Stratospheric Ozone Protection; and the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §136o, relating to the development of improved pesticide research and regulations.

international cooperation in anticipating and preventing a decline in the quality of the world's environment. The research and demonstration authorities described above and in Section 102(2)(F) of NEPA authorize grants for activities performed abroad or whose primary purpose is international in scope.

Grant Management Tools

OITA uses a variety of tools to manage international and foreign grants. These international and foreign grants are managed under many of the same regulatory requirements and systems as other agency grants. A combination of IGMS, EPA policies and procedures on environmental results³ and grants management, project officer oversight, and OITA's Performance Measures Tracking System create a system of internal controls to help manage grant outcomes and measure results.

As of May 2013, OITA's Performance Measures Tracking System was still in a pilot phase and being tested. This new database system will use a series of measures to track OITA activities; this includes international grant activities and their associated outputs and outcomes. According to OITA, this system will be used as one of many tools to inform resource decisions and prioritize what work will be conducted.

Environmental Outcomes and Strategic Planning

As noted, OITA international and foreign grants are designed to address OITA's six international priorities. According to the EPA's Foreign Grants Policy, OITA must determine how its proposed activities align with the EPA's goals in advancing public health and environmental improvement and the extent to which the proposed activity complements rather than duplicates other EPA or U.S. government international environmental programs or initiatives. Although OITA has environmental outcome/output information as detailed by the Government Performance and Results Act, OITA has not incorporated the information into a subsequent comprehensive strategic planning document.

OITA receives a range of environmental outcomes and outputs⁴ for its international and foreign grants. Examples of anticipated environmental outcomes/outputs are "Increased level of harmonization and reduced redundancies among all key stakeholder activities" and "Improve drinking water quality provided by partner utilities in East Africa." Examples of grantee-reported

³ EPA Policies 5700.7 and 5700.8 address, respectively, environmental results achieved and assessing capabilities of non-profit applicants for managing assistance awards.

⁴ Outcome means the result, effect or consequence that will occur from carrying out an environmental program or activity that is related to an environmental or programmatic goal or objective. Outcomes may be environmental, behavioral, health-related or programmatic in nature; must be quantitative; and may not necessarily be achievable within an assistance agreement funding period. Output means an environmental activity, effort and/or associated work product related to an environmental goal or objective, that will be produced or provided over a period of time or by a specified date. Outputs may be quantitative or qualitative but must be measurable during an assistance agreement funding period.

outcomes/outputs include “Training workshops organized (number of personnel trained)” and “Number of countries phasing out lead in gasoline and going to 50 ppm fuel.” Additional examples of expected outcomes and reported outputs are provided in appendix A. Outputs and outcomes from grants will be collected and aggregated into OITA’s new Performance Measures Tracking System. Prior to the new system, OITA did not have a systematic way to count outputs for activities being carried out. OITA expects that the new system will assist in identifying what work will be conducted and informing resource decisions.

Outcomes from international and foreign grants are generally project driven and are not defined as part of the planning process. Additionally, OITA cannot determine whether resources are being allocated to achieve results. OITA uses various documents to guide its work that contain information about project goals and anticipated accomplishments. These include the FY 2012 Operating Plan Narrative Proposal and Draft FY 2014 National Program Manager Guidance.

The OITA FY 2012 Operating Plan Narrative Proposal identified project goals and anticipated accomplishments for planned projects. However, it does not provide information on how or why OITA allocated resources to these projects. Prior to FY 2013, OITA did not have National Program Manager Guidance or a strategic plan that showed the organization’s process for prioritizing and allocating resources to meet strategic goals. The Draft FY 2014 National Program Manager Guidance includes a narrative of OITA’s plans for addressing each of the six international priorities. However, the draft National Program Manager Guidance did not include how OITA uses its work to meet its strategic goals, nor does the draft guidance contain any performance measures or outcome information.

Although environmental outcome/output information is collected by OITA, this information has not been incorporated into a comprehensive strategic planning document. Strategic planning guidance needs to be updated to show how OITA’s grants align with the EPA’s goals for advancing public health and protection of the environment. This would provide greater accountability and justification for the international and foreign activities/grants that are managed by OITA.

Recommendation

We recommend that the assistant administrator for the Office of International and Tribal Affairs:

1. Develop strategic planning guidance to document:
 - How OITA links its achieved outcomes for international and foreign grant activities to the goals of its strategic plan.
 - The process used by OITA to allocate resources for its international and foreign grant activities.

- How OITA's international and foreign grant activities align with the EPA's goals in advancing public health and environmental improvement.

Agency Comments and OIG Evaluation

The agency concurred with our findings and recommendation. The agency provided corrective actions and an estimated completion date that meet the intent of the recommendation. The recommendation is resolved and open with corrective actions ongoing. No further response to this report is required.

The agency's detailed response is provided in appendix B. The agency also provided technical comments on the draft report, which we have incorporated into our report as appropriate.

Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status ¹	Action Official	Planned Completion Date	Claimed Amount	Agreed-To Amount
1	5	Develop strategic planning guidance to document: <ul style="list-style-type: none"> • How OITA links its achieved outcomes for international and foreign grant activities to the goals of its strategic plan. • The process used by OITA to allocate resources for its international and foreign grant activities. • How OITA's international and foreign grant activities align with the EPA's goals in advancing public health and environmental improvement. 	O	Assistant Administrator, Office of International and Tribal Affairs	6/30/14		

¹ O = Recommendation is open with agreed-to corrective actions pending.
 C = Recommendation is closed with all agreed-to actions completed.
 U = Recommendation is unresolved with resolution efforts in progress.

Files Reviewed

The length of time for grant implementation varied, but four of the grants were awarded for a 5-year period. Reported outputs/outcomes are generally listed in the project file and provided by the grantee. Anticipated outputs/outcomes are generally listed in the EPA Funding Action Memo, Scope of Work, or other documentation provided in the grant file.

Table 1: Examples of outputs/outcomes reported by the EPA and grantees

Grantee and funded amount	Cooperative agreement/ grant type	EPA goal⁵	OITA priority⁶	Outputs/outcomes reported by grantee	Outputs/outcomes anticipated by the EPA
Organization for Economic Development	Foreign	1	2	<ol style="list-style-type: none"> 1. Report on monitoring and evaluation of progress in the development and use of measures of effective adaptation. 2. Report on private sector engagement in adaptation. 3. Tools to inform international policy, planning and decision-making in climate sensitivity sectors. 	<ol style="list-style-type: none"> 1. Assessments performed or facilitated by EPA.
United Nations University	Foreign	3,4	6	<ol style="list-style-type: none"> 1. Increased harmonization of approaches to preventing exports of e-waste from developed to developing countries. 2. Use of tracking data to develop appropriate national and international policies toward e-waste. 3. Replication and refinement of demonstrations of sustainable recycling that lead to improved management of e-waste globally. 	<ol style="list-style-type: none"> 1. Increased level of harmonization and reduced redundancies among all key stakeholder activities. 2. Stakeholder-applied, science-based pilot projects. 3. Solid recommendations for national and international policy making based on the results of pilot projects.

⁵ EPA FY 2011-2015 Strategic Plan Goals:

- 1: Taking Action on Climate Change and Improving Air Quality.
- 2: Protecting America's Waters.
- 3: Cleaning Up Communities and Advancing Sustainable Development.
- 4: Ensuring the Safety of Chemicals and Preventing Pollution.
- 5: Enforcing Environmental Laws.

⁶ OITA International Priorities:

- 1: Building Strong Environmental Institutions and Legal Structures.
- 2: Combating Climate Change by Limiting Pollutants.
- 3: Improving Air Quality.
- 4: Expanding Access to Clean Water.
- 5: Reducing Exposure to Toxic Chemicals.
- 6: Cleaning Up Electronic Waste (E-Waste).

Grantee and funded amount	Cooperative agreement/ grant type	EPA goal ⁵	OITA priority ⁶	Outputs/outcomes reported by grantee	Outputs/outcomes anticipated by the EPA
United Nations Environmental Programme	Foreign	4	5	1. Number of countries phasing out lead in gasoline and going to 50 ppm fuel.	1. Pilot projects on low sulfur fuel road map development - draft low sulfur fuel target developed for two countries for consideration of high-level officials. 2. Re-Launch of Partnerships for Clean Fuels and Vehicles (PCFV) at Rio +20- Successful re-launch of the PCFV.
Breathe Easy Jakarta Stakeholders Group	Foreign	4	1,3,5	1. To achieve greater protection of human health through improved urban air quality in Jakarta. Support environmental outcomes of Breathe Easy Jakarta, such as reduction of key air pollutants.	1. Improved management and reduction strategies of key air pollutants in Jakarta. 2. Improved protection of human health in Jakarta, through increased awareness and involvement by the public. 3. Improved capacity of air quality management officials to create targeted strategies for air quality improvement through consistent stakeholder input.
Desert Research Institute	Int'l.	1,4	1,3,5	1. Strengthen the capacity to prepare a science-based clean air action plan to achieve better public health and air quality.	1. To support the environmental outcomes of the other components of <i>Breathe Easy Jakarta</i> , such as reduction of key air pollutants.
International Water Association	Foreign	2,4	4	1. Training workshops organized (number of personnel trained). 2. Report on long-term, full-scale training programme for African region. 3. Five-year (2011-2016) strategic plan for Water Safety Plan training in Africa with committed funding for budget.	1. Improve drinking water quality provided by partner utilities in East Africa. 2. Accrue operational efficiencies and framework to better target more sustainable capital investments. 3. Framework for increasing resiliency and preparedness of a water utility to the impacts of climate change.

Source: OIG analysis.

Agency Comments

August 06, 2013

MEMORANDUM

SUBJECT: Response to Office of Inspector General Draft Report No. OPE-FY13-0004, “The EPA’s International Program Office Needs Improved Strategic Planning Guidance,” July 1, 2013

FROM: Michelle DePass /s/ 8/6/2013
Assistant Administrator

TO: Arthur A. Elkins, Jr.
Inspector General

Thank you for the opportunity to respond to the issues and recommendations in the draft report. The following is a summary of The Office of International and Tribal Affairs’ (OITA) overall position, along with its position on the draft report’s recommendation.

OVERALL POSITION

OITA accepts the recommendation in the draft report, however we have included a Technical Comments Attachment to supplement and clarify this response.

Over the last several years OITA has undertaken a number of efforts to strengthen its internal control structure, resulting in the development and implementation of a variety of important management and planning tools. As such, the Office sees the value of updating our planning guidance, emphasizing our strategic planning approach and further detailing how our grants support the Agency’s goals and international priorities.

OITA will examine our existing guidance (e.g., NPM and Operating Plan guidance) and identify the most appropriate options for integrating the report’s recommendations.

RESPONSE TO REPORT RECOMMENDATIONS

Agreements

No.	Recommendation	High-Level Intended Corrective Action(s)	Estimated Completion by Quarter and FY
1	<p>Develop strategic planning guidance to document:</p> <ul style="list-style-type: none">• How OITA links its achieved outcomes for international and foreign grant activities to the goals of its strategic plan.• The process used by OITA to allocate resources for its international and foreign grant activities.• How OITA's international and foreign grant activities align with the EPA's goals in advancing public health and environmental improvement	<p>OITA will update and supplement planning guidance to document:</p> <ul style="list-style-type: none">• How OITA links its achieved outcomes for international and foreign grant activities to the goals of its strategic plan.• The process used by OITA to allocate resources for its international and foreign grant activities.• How OITA's international and foreign grant activities align with the EPA's goals in advancing public health and environmental improvement	3 rd Quarter 2014

CONTACT INFORMATION

If you have any questions regarding this response, please contact Teresa Ruppe, Audit Follow-Up Coordinator, Office of International and Tribal Affairs at 202-564-6619.

Attachment

cc:

Jane Nishida, Acting DAA
Katrina Cherry, Director OMIS
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