



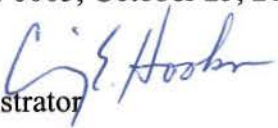
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

JAN 28 2011

OFFICE OF
ADMINISTRATION
AND RESOURCES
MANAGEMENT

MEMORANDUM

SUBJECT: Final Office of Inspector General (OIG) Audit Report:
*EPA's Contracts and Grants Workforce May Face
Future Workload Issues*
(Report No. 11-R-0005, October 25, 2010)

FROM: Craig E. Hooks 
Assistant Administrator

TO: Melissa M. Heist
Assistant Inspector General for Audit
Office of the Inspector General

Thank you for the opportunity to respond to the subject final audit report which contains two recommendations. Our response to these recommendations is as follows:

Recommendation 2-1: Direct the Office of Acquisition Management (OAM) and the Office of Grants and Debarment (OGD) to establish procedures to review the metrics for Recovery Act and non-Recovery Act contract and grant activities with senior managers for the period ending September 30, 2010, and quarterly thereafter. For any metrics that do not meet performance goals, senior managers should examine the reasons the goals were not met, and where a control weakness is revealed, develop a plan with corrective actions, due dates, and responsible offices to ensure that the goals are met in the future. If the goals are not attained due to resource limitations, OAM and OGD should work with OCFO to reexamine the distribution of Recovery Act management resources.

Office of Administrations and Resources Management (OARM) Response: OARM agrees with this recommendation. We appreciate the willingness of the OIG to revise the recommendation contained in the draft report, which, if implemented, would have required the Agency to develop a corrective action plan for any performance measure shortfall, regardless of whether a shortfall revealed an internal control weakness.

Consistent with the recommendation, OGD will review EPA's performance against applicable Recovery Act/non-Recovery Act metrics for grant activity beginning with the fourth quarter of Fiscal Year (FY) 2010 and for each quarter thereafter through the end of FY 2011. The purpose of these reviews will be to determine whether a corrective action plan is necessary.

On February 1, 2011, OGD will have a kick-off meeting with Senior Resource Officials covering the fourth quarter of FY 2010 and the first quarter of FY 2011. OAM will also attend this meeting and the OIG has been invited. If the OIG cannot attend, we will provide a separate briefing.

OAM has not yet established metrics against which to monitor workload and resources. However, OAM is in the process of implementing a Balanced Scorecard Initiative with associated performance measures (see response to Recommendation 3-1 below). Regarding the effects of the Recovery Act workload, OAM has determined that action plans for contract-related delays are unnecessary since there are no actions that have not been awarded or unduly delayed as a result of Recovery Act work. Should new information about potential contract delays emerge over the next three quarters, OAM will reassess whether a corrective action plan is needed.

Recommendation 3-1: Direct OAM to develop and implement organization-wide performance measures to better manage its activities.

OARM Response: OARM agrees with this recommendation. OAM is in the process of implementing a Balanced Scorecard Initiative including performance measurement and performance management programs. The Balanced Scorecard Performance Management Plan that OAM is in the process of developing will aid OAM in ensuring that business systems adhere to our mission and vision, and strategy statements follow best business management practices, and comply with applicable statutes, regulations, and contract terms and conditions. Through the utilization of the Balanced Scorecard, OAM will be able to identify opportunities to strengthen the EPA's Acquisition Workforce Strategic Human Capital Plan, to allow us to pursue all available authorities and strategies to ensure that the EPA has the appropriate resources and the best qualified staff to support the mission of the Agency. OAM anticipates having the Balanced Scorecard Management Plan in place by the end of March 2011 and the Balanced Scorecard Performance Measurement and Management System in place by the end of September 2011.

Thank you again for the opportunity to respond to the final report. If you have any questions about this response, please contact John Bashista, Director, OAM, at (202) 564- 4310, or Howard Corcoran, Director, OGD, at (202) 564-1903.

cc: Nanci Gelb
Barry Breen
Jerry Kurtzweg
Mike Shapiro
Cynthia Dougherty
Jim Hanlon
Sheila Frace
Sue Priftis
Maryann Froehlich
David Bloom
Stefan Silzer
Janet Kasper

Deputy Regional Administrators
Assistant Regional Administrators
John Bashista
Chuck Gherardini
Lisa Maas
Joan Wooley
John Oliver
OAM Division Directors
Regional Contracting Officer Supervisors
Denise Sirmons
Catherine Vass
Stephen Daniels
Laurice Jones
Don Flattery
Marian Cooper
Gayle Jefferson
Grants Management Officers
Junior Resource Officials
Grants Customer Relations Council
Howard Corcoran