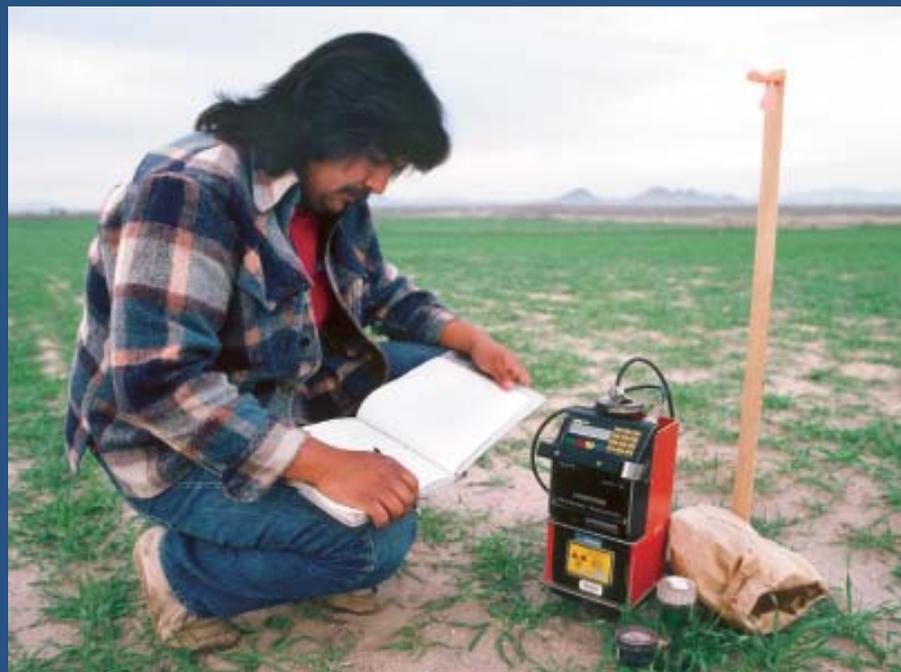


GRANTS MANAGEMENT PLAN



2003 - 2008

FOREWORD

I am pleased to present the Environmental Protection Agency's Plan for Grants Management. This Plan charts the course the Agency will follow in the coming years to deliver an effective system for grants administration – one in which federal funds are used responsibly to deliver meaningful environmental results.

Through this Plan, EPA will streamline grants management, increase competition in the award of grants, leverage information technology, strengthen oversight of grants and support the realization of measurable environmental outcomes.

This Plan provides the framework for ensuring that EPA's Grants Program meets the highest management and fiduciary standards and furthers our efforts to leave America's air cleaner, its water purer, and its land better protected than we found it. Implementing and improving this Plan is a continuous process, and we look forward to working with our state, local, and tribal partners to address the challenges before us.

A handwritten signature in black ink, appearing to read "Christine Todd Whitman". The signature is fluid and cursive, with a long horizontal line extending to the right.

Christine Todd Whitman
Administrator

Dear Reader:

I am pleased to release EPA's Plan for Grants Management – a road map to help manage our Agency's grant resources in a fiscally responsible and productive manner.

I continue to be committed to cultivating and fostering an effective system for grants administration – one in which federal funds are used responsibly and produce measurable environmental results. Through the activities established in the Plan, the Agency has created a more accountable system of managing grants and has enhanced systems for administering the information and resources that make grants programs work.

The Plan highlights five grants management goals: enhance the skills of EPA personnel involved in grants management, promote competition in the award of grants, leverage technology to improve program performance, strengthen EPA oversight of grants, and support identifying and realizing environmental outcomes. I believe these goals provide the necessary framework to support our vision of ensuring that EPA's grants programs meet the highest management and fiduciary standards and further the Agency's mission of protecting human health and the environment.

Implementing and improving our Grants Management Plan is a continuous process, and through the help of our Senior Resource Officials in Headquarters and the Regions, we will succeed in addressing challenges as they arise and developing comprehensive strategies for managing assistance agreements.

Sincerely,

A handwritten signature in blue ink, appearing to read "Morris X. Winn". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Morris X. Winn
Assistant Administrator

TABLE OF CONTENTS

EXECUTIVE SUMMARY.	ES-1
INTRODUCTION.	1
BACKGROUND AND CHALLENGES.	1
PURPOSE OF THE PLAN.	3
VISION STATEMENT.	4
PARTNERSHIPS.	5
GOALS.	7
GRANTS MANAGEMENT PLAN MAP.	8
OBJECTIVES AND ACTIVITIES.	9
GOAL 1: ENHANCE THE SKILLS OF EPA PERSONNEL INVOLVED IN GRANTS MANAGEMENT.	9
GOAL 2: PROMOTE COMPETITION IN THE AWARD OF GRANTS.	11
GOAL 3: LEVERAGE TECHNOLOGY TO IMPROVE PROGRAM PERFORMANCE.	13
GOAL 4: STRENGTHEN EPA OVERSIGHT OF GRANTS.	15
GOAL 5: SUPPORT IDENTIFYING AND ACHIEVING ENVIRONMENTAL OUTCOMES.	18
TABLE 1: PERFORMANCE MEASURES FOR GRANTS MANAGEMENT PLAN.	20
TABLE 2: ACTION ITEMS BY GOAL AND TARGET COMPLETION DATE.	23

EXECUTIVE SUMMARY

The U.S. Environmental Protection Agency awards over one-half of its budget annually in grants to its state, local, tribal, educational and non-profit partners. The management of EPA's Grants Program is a cooperative effort involving the Office of Administration and Resources Management's Office of Grants and Debarment (OGD), National Program Managers, Regional Program Offices, and Grants Management Offices (GMOs).

In recent years, questions have been raised about the effectiveness and efficiency of the grants program. For example, EPA's Office of the Inspector General (OIG) issued a number of audit reports faulting the Agency's management in the areas of grant competition, oversight of grantee procurements, planning of grants for environmental results, and EPA's oversight controls for assistance agreements. Similar criticisms have been voiced by the General Accounting Office (GAO) and the Office of Management and Budget (OMB). In response, EPA has taken a number of steps to strengthen the management and oversight of its assistance agreements, focusing on improving competition in the awarding of grants and enhancing compliance review and monitoring of grants. To build upon these efforts, OGD has developed this Grants Management Plan (the Plan), which brings ongoing OGD planning efforts into one comprehensive document, establishing a clear and strong direction for the Agency.

The Plan is designed to help EPA achieve its vision for grants management, that is, to ensure that its grants programs meet the highest management and fiduciary standards and further the Agency's mission of protecting human health and the environment. OGD recognized early in the process the importance of involving its partners in developing the Plan. The Office developed a draft planning framework and shared it with representatives from Regional and Headquarters Program Offices and GMOs. OGD used the comments and suggestions received on this framework in developing a draft Plan that it presented at meetings with the Agency's Deputy Assistant Administrators and Assistant Regional Administrators. The Agency then shared the draft Plan with the states and tribes and incorporated several of their suggestions before circulating the Plan to the OIG, GAO, and OMB for final comments.

The Plan contains five goals (described in more detail below), supported by a number of objectives. In addition, the Plan contains a series of specific activities that OGD and other partners will take to achieve the objectives, and performance measures to track progress against them. In conjunction with this Plan, OGD has developed a Tactical Action Plan that sets priorities on an annual basis for planned activities.

GOAL 1: ENHANCE THE SKILLS OF EPA PERSONNEL INVOLVED IN GRANTS MANAGEMENT

Given the renewed emphasis on grants oversight, the Agency must supplement the traditional skill set for grant specialists and project officers with a new competency centered on the business aspects of grants management. EPA will enhance its basic grants management courses to make them more comprehensive and to focus on training grant specialists and project officers in core competencies. The courses will expand training on application, budget and procurement review, conducting grants competitions, and linking grant workplans to environmental results. The efforts under this goal complement, and are linked to, the Agency's human resources plan and the President's Management Agenda initiative on the strategic management of human capital.

GOAL 2: PROMOTE COMPETITION IN THE AWARD OF GRANTS

Congress, OMB, and OIG have expressed concerns with respect to EPA's policies and procedures regarding competition in the award of assistance agreements. In response, the Agency developed a new Order on grant competition that went into effect on October 1, 2002. The Order identifies grant programs that are appropriate for competition, requires detailed justifications for noncompetitive awards, establishes standard procedures for the solicitation, review and evaluation of applications, and creates a new, senior-level Grants Competition Advocate position in OGD to oversee compliance. To ensure proper implementation, OGD will provide competition

training to project officers on an ongoing basis. It will also upgrade the Agency's process for preparing Catalog of Federal Domestic Assistance (CFDA) program descriptions to increase public awareness of EPA funding opportunities, and will post all grant solicitations on a federal-wide Internet site, Fed Biz Opps.

GOAL 3: LEVERAGE TECHNOLOGY TO IMPROVE PROGRAM PERFORMANCE

The President's Management Agenda initiative calls on all federal agencies to focus their application of information technology on improving agency mission performance, enhancing information security, maintaining information privacy, reducing duplication and coordinating efforts with other agencies in an integrated manner. With respect to grants programs, OGD is working to streamline grant application and reporting requirements and to develop a central electronic portal for grant application and reporting. In addition, OGD continues to deploy the Integrated Grant Management System (IGMS), designed to move EPA from a paper-based grants culture to an electronic culture by fully automating the grants process within the Agency.

GOAL 4: STRENGTHEN EPA OVERSIGHT OF GRANTS

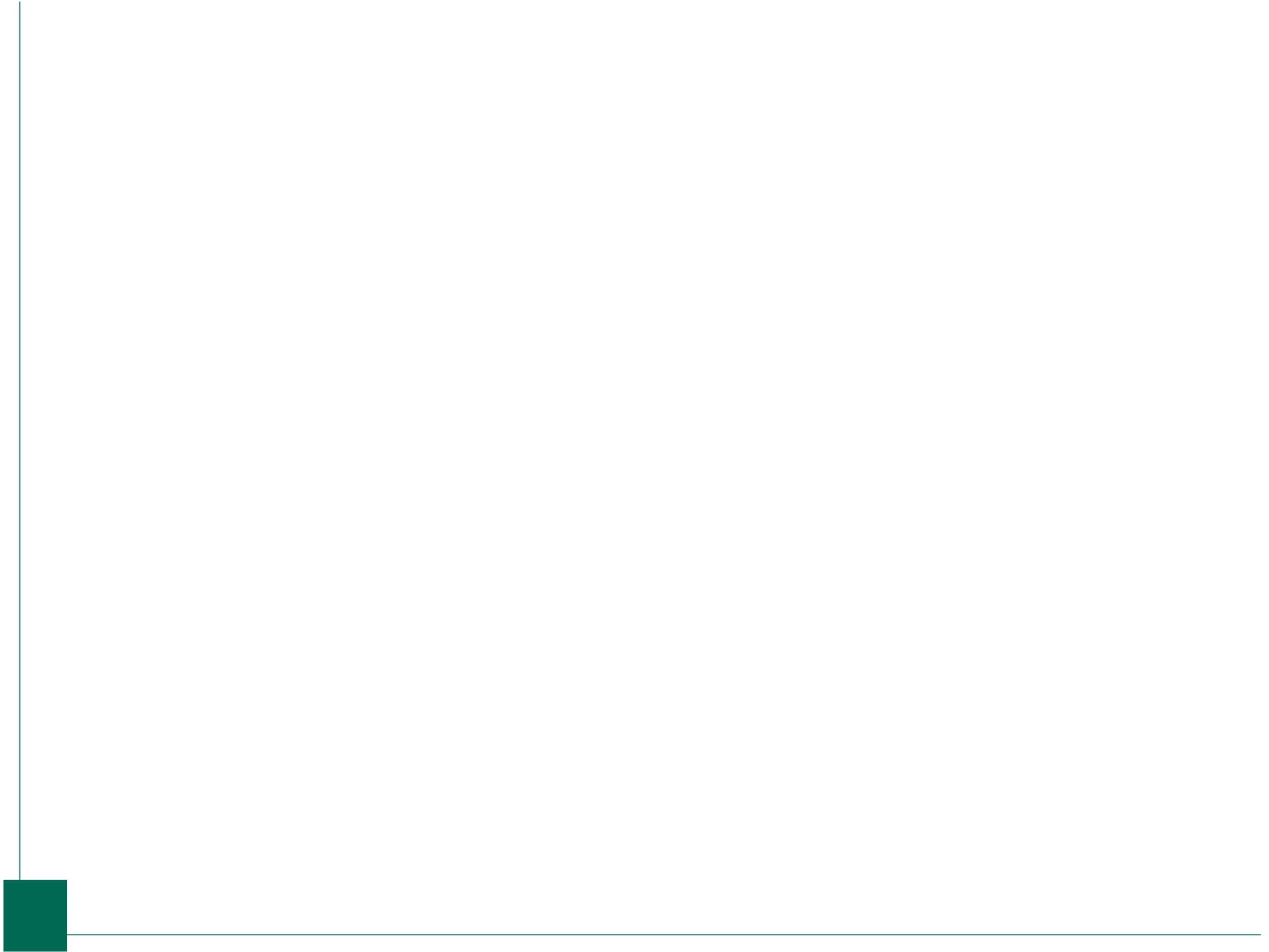
In response to questions raised about grant oversight, the Agency developed a new, comprehensive, post-award management policy. This policy establishes requirements for post-award monitoring plans, including requirements for pre-award technical assistance to grantees, performing baseline monitoring and advanced monitoring, and a plan

to address the timely closeout of all grants. EPA will increase the level of advanced monitoring of grantees, including onsite monitoring, and keep track of its activities through a new Grantee Compliance Database. In addition, the Agency will improve accountability for grants oversight through such actions as requiring that the Performance Standards established for grant specialists and project officers adequately address their grant management responsibilities.

GOAL 5: SUPPORT IDENTIFYING AND ACHIEVING ENVIRONMENTAL OUTCOMES

EPA's 2003 Strategic Plan reflects a new perspective on the Agency's work, with a sharpened focus on achieving measurable environmental results. This Grants Management Plan reflects this new focus on environmental results, and the activities described in the Plan will play a critical role in the accomplishment of the Agency's five goals. By linking grants performance to the achievement of the Agency's performance goals, the activities proposed in this Plan will further enhance the Agency's efforts to manage for results. EPA will strengthen its project officer training program to highlight the importance of environmental results and work with the Program Offices to include consideration of environmental outcomes in grant workplans and to link activities to measurable outcomes.

Together, these five goals and the accompanying objectives will direct our efforts to increase accountability, competition, and the realization of environmental benefits through the grants program. Through continued communication with grant customers and other stakeholders, OGD will track progress towards its vision for grants management and improve how the Agency protects human health and the environment.





INTRODUCTION

BACKGROUND AND CHALLENGES

Each fiscal year, EPA awards approximately \$4 billion in grants, which constitutes over one-half of the Agency's budget. This funding represents a key mechanism with which EPA, in concert with states, local governments, tribes, educational institutions, and non-profit organizations, protects the environment. EPA must manage these funds effectively and ensure that they achieve the best possible environmental results.

The management of EPA's Grants Program is a cooperative effort involving the Office of Administration and Resources Management's Office of Grants and Debarment (OGD), the Headquarters National Program Managers (NPMs) and Regional Program Offices, and Grants Management Offices (GMOs). All of these offices work to ensure that EPA's financial and other resources are protected against threats of waste, fraud, abuse, mismanagement or poor performance.

- OGD is responsible for all assistance regulations, policy and guidance; cradle-to-grave grant, loan, and cooperative agreements; and administrative management of interagency agreements for all EPA Headquarters grants programs.
- The NPMs are responsible for establishing and implementing national policies with respect to the grant programs under

their area of responsibility and for setting funding priorities. They are also responsible for technical and programmatic oversight of Headquarters grants.

- The Regional GMOs provide administrative management for EPA's regional assistance programs. The Program Offices in the regions work closely with the GMOs to provide technical and programmatic oversight for regional grants programs.

In response to a *material weakness* (i.e., a significant weakness that must be reported to the President and Congress) designation in 1996, the Agency closed out a backlog of thousands of grants, provided extensive project officer training, and issued formal post-award management policies. As a result of this aggressive post-award strategy, and with the concurrence of the Office of Inspector General (OIG), EPA reduced the weakness designation to an *Agency level weakness* (i.e., a weakness that must be reported to the Administrator of EPA only) in FY 1999 and eliminated it entirely in FY 2000. However, due to continuing concerns by the OIG that EPA had not completely validated the effectiveness of its grants strategy, EPA designated a new Agency-level weakness for FY 2001 entitled "Improved Management of Assistance Agreements."

During 2001 and 2002, the OIG, the General Accounting Office (GAO), and the Office of Management and Budget (OMB) expressed concerns over EPA's management of its grants programs. The OIG issued a number of audit reports faulting the Agency's management in the areas of grant competition, oversight of grantee procurements, planning of grants for environmental results, and EPA's oversight controls for assistance agreements. GAO also criticized EPA's oversight of non-profit grant recipients and the failure to link grant outputs to environmental outcomes. OMB voiced concerns about the Agency's lack of a competition policy for grants and asked EPA to include grant competition and oversight as part of the President's Management Agenda for Financial Management. Both the OIG and OMB proposed that the Agency declare grants management as a material weakness.

Recently, EPA has taken major steps to strengthen the management and oversight of its assistance agreements, including EPA Orders on Grants Competition (EPA Order 5700.5) and on Compliance, Review and Monitoring (EPA Order 5700.6), and the establishment of a Senior Executive Service Grants Competition Advocate position in the Office of Grants and Debarment. Although EPA has made measurable progress in the management of grants, further action is necessary. While the Agency decided not to elevate grants management to a material weakness, the decision to keep it as an Agency level weakness was based on a commitment by EPA's program and management offices to quickly and effectively address grants management issues. This Grants Management Plan (the Plan) specifies the action steps that are needed to address these issues.



PURPOSE OF THE PLAN

The purpose of the Plan is to help EPA achieve its vision for grants management; that is, to ensure that EPA's grants programs meet the highest management and fiduciary standards and further the Agency's mission of protecting human health and the environment. Since 1996, when grants management was first identified as a material weakness, the Agency has implemented management controls and strengthened post-award oversight. To maintain these improvements and respond to new challenges, the Agency has developed this long-term Plan for grants management.

The actions outlined in this Plan will support not only the objectives of those involved in the grants program, but also the environmental and human health goals supported by the entire Agency. The grants program is a key mechanism by which the Agency engages the innovation and expertise of state, local and tribal partners. Strengthening the management of the program will ensure that this partnership continues to benefit all stakeholders.

As detailed in Goal 5 of this Plan, EPA recognizes the importance of tying its grant activities to measurable environmental results. Table 1, found at the end of the Plan, shows major performance measures that will enable EPA to assess its progress towards the goals for grants management. Table 2 shows the actions committed to under each goal for the upcoming years. A more detailed Tactical Action Plan for 2003, available under separate cover, identifies action items, scheduled completion dates, and parties responsible for completing action items. This Tactical Action Plan will be updated on an annual basis.

VISION STATEMENT

EPA is committed to ensure that its grants programs meet the highest management and fiduciary standards and further the Agency's mission of protecting human health and the environment.

PARTNERSHIPS

It is clear that all stakeholders must work together to implement the grants program's vision. EPA's partners in this task include Congress, its oversight agencies (i.e., OIG, GAO, OMB), state and local governments, tribes, and non-profit organizations. EPA recognizes the importance of involving its partners in the design of the Grants Management Plan. After reviewing several strategic plans from other agencies as well as concerns expressed by Congress and EPA's oversight agencies, OGD developed a draft planning framework including goals and objectives. OGD shared this draft framework with representatives from Regional and Headquarters Program Offices and GMOs. OGD used the comments and suggestions received on this framework to develop a draft Plan that was presented at meetings with the Agency's Deputy Assistant Administrators and Assistant Regional Administrators. The Agency then shared the draft Plan with the states and tribes and incorporated several of their suggestions into the Plan. The Agency also sought comments from the OIG, GAO, and OMB in making final changes to the Plan.

EPA's partners will benefit from the initiatives in this Plan in a number of ways. Grant specialists and project officers who are well-trained can better assist grant recipients with all stages of the grants process, from writing the workplan to closeout. Integrating information technology with each stage of the grants process will improve the accessibility and accuracy of information available to state, local and tribal grant recipients, and standardized electronic reporting will

reduce the paperwork burden for recipients and improve the feedback time for project officers. Information management technologies that facilitate the work of project officers and grant specialists will free up more time for those personnel to directly assist grant recipients. Enhanced grant recipient assistance will strengthen the abilities of grantees to manage grant funds efficiently, meet the conditions of their workplans, and develop tools to assess and report on the environmental and health benefits of their programs.



Finally, grantees will also benefit from more frequent and coordinated oversight by EPA's project officers and GMOs. Improved administration of the entire grants program will enable grants personnel to quickly identify key issues and implement the appropriate technical assistance or policy guidance to address management challenges. In addition, the focus on developing enhanced environmental reporting measures in the Plan will help grant recipients to improve the linkage between the outcomes of their grants and EPA's environmental goals. With the support of Agency grants personnel, grant recipients will be able to develop environmental reporting measures and thereby promote the accountability of their programs, both within their communities and for future EPA awards. The Agency is committed to ensuring that the emphasis on environmental outcomes and reporting will not increase the paperwork burden of grantees.

The Agency believes that the Plan presented below addresses the concerns of its partners and will help ensure effective and efficient grants management. The Grants Management Plan Map presents the five strategic goals and objectives that will guide efforts to achieve each goal. In the Plan that follows, focused action items and target dates are specified for each objective. Performance measures, including baselines and performance goals, are also presented in order to demonstrate how EPA will track its progress on each of the five goals.



GOALS

GOAL 1: ENHANCE THE SKILLS OF EPA PERSONNEL INVOLVED IN GRANTS MANAGEMENT

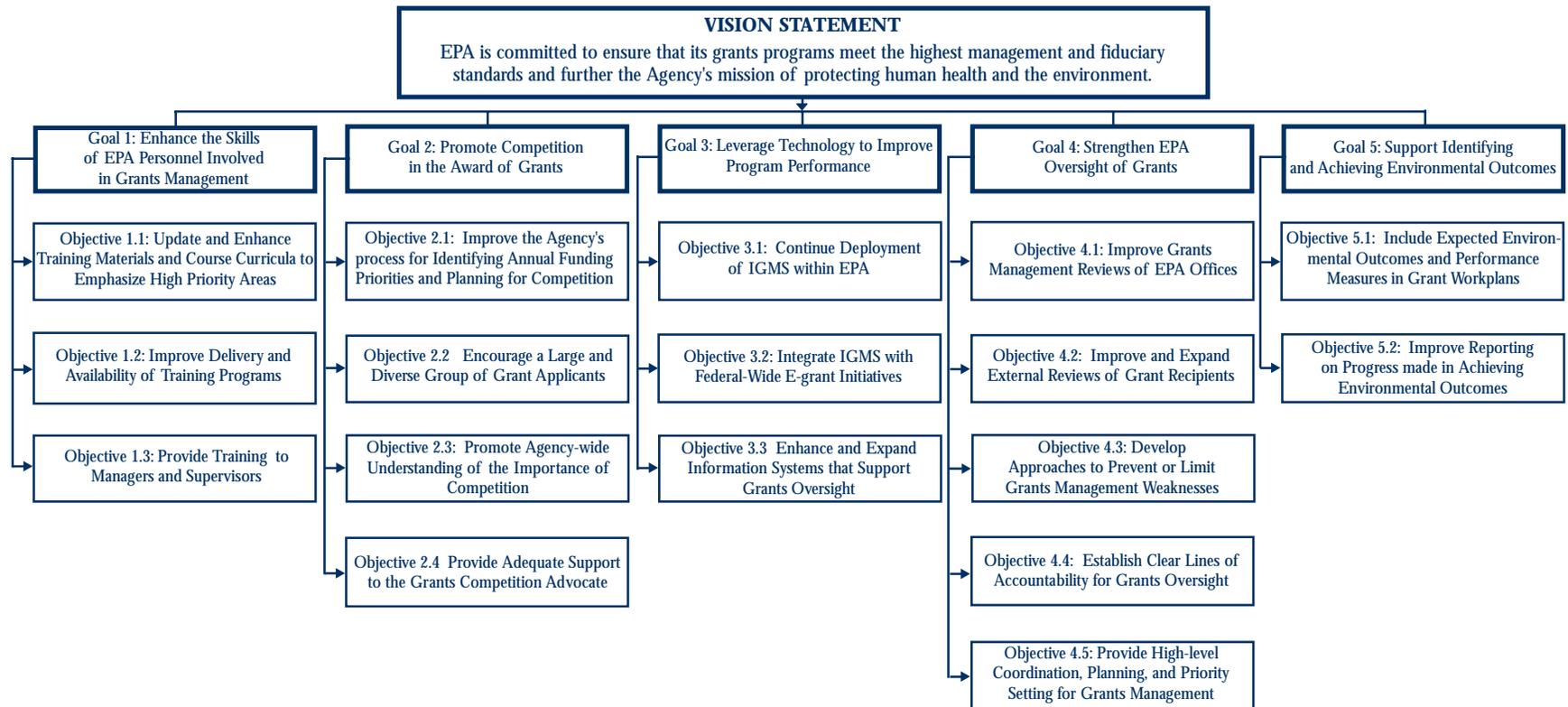
GOAL 2: PROMOTE COMPETITION IN THE AWARD OF GRANTS

GOAL 3: LEVERAGE TECHNOLOGY TO IMPROVE PROGRAM PERFORMANCE

GOAL 4: STRENGTHEN EPA OVERSIGHT OF GRANTS

GOAL 5: SUPPORT IDENTIFYING AND ACHIEVING ENVIRONMENTAL OUTCOMES

GRANTS MANAGEMENT PLAN MAP





OBJECTIVES AND ACTIVITIES

GOAL 1:

ENHANCE THE SKILLS OF EPA PERSONNEL INVOLVED IN GRANTS MANAGEMENT

EPA must have a skilled workforce of grant specialists and project officers to manage its grants. Both grant specialists and project officers are responsible for the review, negotiation, and administration (including pre-award review of grant applications, post-award monitoring and close-out) of grant agreements. Project officers are primarily responsible for these functions as they relate to the programmatic and technical requirements of the grant agreements, while grant specialists are principally responsible for the administration and financial aspects.

Given the renewed emphasis on grants oversight, the Agency must supplement the traditional skill set for grant specialists (i.e., grants processing) with a new competency centered on the business aspects of grants management. The Agency will develop a standardized training program, including continuing education requirements and a body of core knowledge, focusing on pre-award review of applications and post-award monitoring. When fully implemented, the program will enable specialists to evaluate justifications for noncompetitive awards, verify grantee compliance with procurement and other administrative requirements, and identify unallowable costs.

EPA offers basic and one-day refresher courses to educate project officers about their grants management responsibilities. Project officers must complete the basic course to establish that they are certified to manage grants and take the refresher course every three years to maintain their certification. Although the Agency has used

these courses to train more than 4,500 project officers, customer service surveys and OIG audits have identified areas for improvement. EPA will upgrade the basic and refresher course to make it more comprehensive and to focus on training grant specialists and project officers on core competencies. The course will include expanded training on application, budget and procurement review, conducting grants competitions, and planning for environmental results.

This investment in "human capital" in the grants management area is linked to and complements the Agency's human resources plan and the President's Management Agenda initiative on the strategic management of human capital. The comprehensive approach described below to enhance the skills of EPA staff involved in grants management will ensure successful accomplishment of the goals and objectives in the Plan.

Objective 1.1: Update and Enhance Training Materials and Course Curricula to Emphasize High Priority Areas

- Issue 5th Edition of Project Officer Training Manual that will focus on core competencies needed to manage grants. The manual will be enhanced to include additional materials on pre-award review and application procedures, budget, cost and procurement review, grants competition, environmental results in workplans, and use of the Federal Audit Clearinghouse (2003)

- Conduct project officer training with special emphasis on the core competency areas that were enhanced in the 5th edition of the training manual (2003)
- Issue initial edition of the Grant Specialist Training Manual. The manual will focus on core competency areas and include discussions on indirect costs, budget and application review, competition, post-award monitoring, and the Federal Audit Clearinghouse (2003)
- Conduct Grant Specialist training focusing on core competency areas (2003)
- Develop Long Term Grants Management Training Plan (2003)
- Issue guidance on the proper use of amendments (2003)
- Enhance and update on-line reference materials for grant specialists in core knowledge areas (2004)

Objective 1.2: Improve Delivery and Availability of Training Programs

- Implement on-line training for grant specialists in core competency areas (2004)
- Enhance on-line training for the refresher project officers course to include additional materials on pre-application review, competition, post-award monitoring, environmental outcomes and other new areas covered in the Project Officer Training Manual, as well as verification of completion at each step (2004)

- Implement on-line training for the basic project officers course, including verification of completion at each step (2005)
- Ensure that Regional Offices, Headquarters NPMs and OGD provide basic and refresher grants management training to project officers on a timely basis (ongoing)
- Establish certification program for grant specialists based on an examination of skills and core competencies required to manage grants (2006)

Objective 1.3: Provide Training to Managers and Supervisors

- Develop a pilot grants management training program for managers and supervisors in 2003, with scheduled classroom training in 2004 and online training in 2005

PERFORMANCE MEASURES

The following performance measures will help EPA track its progress in enhancing the grants management skill base of EPA personnel.

- Percentage of grants managed by certified project officers
Baseline: 85% Target 2003: 100%
- Percentage of grants managed by project officers who have taken enhanced project officer refresher course
Baseline: 0% Target 2004: 30%
2005: 60%
2006: 100%



GOAL 2: PROMOTE COMPETITION IN THE AWARD OF GRANTS

Congress, OMB, and OIG have expressed concerns with respect to EPA's policies and procedures regarding competition in the award of assistance agreements. In response, the Agency developed a new Order on grants competition that went into effect on October 1, 2002. The Order identifies grants programs that are appropriate for competition; creates a competition threshold of \$75,000; requires detailed justifications for noncompetitive awards; establishes standard procedures for the solicitation, review and evaluation of applications; and creates a new senior-level Grants Competition Advocate position in OGD to oversee compliance. The Order will strengthen EPA's processes for grant competition, particularly for grants to nonprofit organizations.

The Order applies to a broad range of Agency grants. For FY 2003 and FY 2004, all covered grants for \$75,000 or greater are subject to the Order's requirements, with the competition threshold for FY 2005 and beyond to be based on the results of a study and further analysis. The Order does not apply to grants that support ongoing functions of our state, tribal, or local government partners.

To ensure proper implementation, OGD will provide competition training to project officers on an ongoing basis. It will also upgrade the Agency's process for preparing Catalog of Federal Domestic Assistance (CFDA) program descriptions to increase public awareness of EPA funding opportunities.

Objective 2.1: Improve the Agency's process for Identifying Annual Funding Priorities and Planning for Competition

- Provide guidance to NPMs on CFDA descriptions that publicize funding priorities and opportunities (2003)
- Include NPM funding priorities in the CFDA on an annual basis to ensure they are well advertised and linked to Government Performance Results Act (GPRR) goals (2003)
- Develop and implement a structured annual planning process for grant competitions (Develop: 2004, Implement: 2005)

Objective 2.2 Encourage a Large and Diverse Group of Grant Applicants

- Expand public awareness of EPA funding opportunities by improving the accuracy and specificity of program descriptions in the CFDA (2004)
- Develop guidelines and make post-competition award information available to the public through the EPA Internet (e.g., number and name of successful applicants, award amounts) (2003)



GOAL 3:

LEVERAGE TECHNOLOGY TO IMPROVE PROGRAM PERFORMANCE

The President's Management Agenda calls on all federal agencies to focus their application of information technology on improving agency mission performance, enhancing information security, maintaining information privacy, reducing duplication, and coordinating efforts with other agencies in an integrated manner. With respect to grants programs, the Federal Financial Assistance Management Improvement Act of 1999, Public Law 106-107, mandates that federal agencies work together to streamline grant application and reporting requirements for all grants and to develop a central electronic portal for grant application and reporting.

During 2002, OGD participated in a series of workgroups with other federal agencies to identify opportunities for streamlining. The activities described in this Plan are designed to build on these efforts that will eventually lead to a government-wide electronic portal, known as E-Grants.

In addition, in 2002, OGD continued to deploy the Integrated Grant Management System (IGMS). IGMS is moving EPA from a paper-based grants culture to an electronic culture by fully automating the grants process within the Agency. The system will also be capable of exchanging data with the E-Grants electronic storefront for recipient application and reporting, creating an all electronic grant process. IGMS makes grant information available on-line to every grant manager and project officer in the Agency for better decision-making. The system supports tracking of grant milestones, products, and post-award management activities for project officers and grant specialists.

Specialists can generate closeout letters to recipients and project officers and track the progress of grant closeouts. The system saves time and resources by eliminating duplicate data entry, mailing and photocopy costs, as well as the time it takes to track grants or build and maintain stovepipe grant tracking systems.

Objective 3.1: Continue Deployment of IGMS within EPA

- Complete deployment of IGMS in Regions 2, 4, 5, and 8 and of pilot Headquarters component (2003)
- Develop an interface between IGMS and the Integrated Financial Management System (IFMS) so that commitment notice information need be entered only once (2003)
- Enable electronic transmission of award data from IGMS to IFMS (2004)
- Complete deployment of IGMS in Headquarters (2006)

Objective 3.2: Integrate IGMS with Federal-Wide E-Grant Initiatives

- Complete analysis of changes required to IGMS and Grants Information Control System (GICS) to enable these systems to interface with federal E-Grants portal (2003)
- Develop an interface to federal E-Grants portal to enable IGMS to accept applications in 2004, and expand to include reporting by 2005
- Modify IGMS data elements to E-Grants standards for reporting (2005)



GOAL 4: STRENGTHEN EPA OVERSIGHT OF GRANTS

Recent Agency grants management reviews of EPA offices and OIG audits have found that oversight policies were not always followed, and that on-site evaluations and baseline monitoring of assistance agreements by grant specialists were insufficient to assure recipient compliance with administrative and programmatic requirements. In response to these issues, the Agency developed a new, comprehensive post-award management policy. It establishes requirements for post-award monitoring plans (these plans must be submitted by all Agency offices that manage grants), including requirements for pre-award technical assistance to grantees, performance of baseline monitoring on an ongoing basis for all awards, advanced monitoring on a minimum of 10 percent of the Agency's active grantees annually, and a plan to address the timely closeout of all grants. The new policy went into effect in January 2003.

To complement the new policy, in this Plan the Agency is taking a series of important steps. These activities will enhance EPA's internal reviews of grants operations, develop early warning systems to quickly identify problem areas, help project officers and grant specialists improve their monitoring of grantee performance, strengthen technical assistance to recipients to prevent problems from occurring, and resolve significant policy issues and establish strategic directions through a coordinated and integrated approach to planning.

Objective 4.1: Improve Grants Management Reviews of EPA Offices

- Combine the Management Oversight and Post-Award Validation Grants Management Review protocols of EPA offices by redesigning and consolidating into one cradle-to-grave review, and develop and begin implementation of internal early warning systems (e.g., a review of performance measures) for identifying grants management weaknesses (2003)
- Conduct cradle-to-grave grants management reviews of EPA Headquarters and Regional Offices starting in 2003
- Issue revised guidance on grants management self assessments (Management Effectiveness Reviews or MERs) that are conducted by EPA's offices (2003)

Objective 4.2: Improve and Expand External Reviews of Grant Recipients

- Require all EPA offices to conduct baseline monitoring of all active grantees (ongoing)
- Increase the level of advanced monitoring of grantees by EPA offices, including desk reviews and on-site reviews, to a minimum of 10 percent annually of active recipients (2003)
- Ensure that all EPA offices record their activities in the Agency's Compliance Database including documentation of the results of compliance reviews (2003)

Objective 4.3: Develop Approaches to Prevent or Limit Grants Management Weaknesses

- Ensure that all offices submit timely annual post-award monitoring plans (2003)
- Ensure that all EPA offices will, on an annual basis, define and identify categories of at-risk grantees requiring technical and/or compliance assistance (2003)
- Complete development, in partnership with OIG, of an instructional video for nonprofit recipients on how to manage their grants (2003)
- Provide training courses for nonprofit recipients (2003)
- Develop grants management tribal training manual and provide training to tribes (2003)
- Develop guidance on required procurement processes under grants, including competition, cost and price analyses, and avoidance of conflicts of interest, and make available to grantees (2003)
- Establish a pre-award financial systems review program for at-risk grantees (2004)
- Establish Grants Clearinghouse/Hotline for grant recipients (2004)
- Review and update EPA's indirect cost rate policies (2004)
- Develop grants management resource tool to replace Assistance Administration Manual (2006)

Objective 4.4: Establish Clear Lines of Accountability for Grants Oversight

- Clarify roles and responsibilities of Senior Resource Officials (2003)
- Issue grants policy document defining roles and responsibilities of EPA Grants Management Officers, Program Office officials, and project officers (2003)
- Ensure that Performance Standards established for grant specialists and project officers adequately address grants management responsibilities (2004)
- Develop workload analysis of project officers and grant specialists (2004)
- Establish Standard Operation Procedures and Best Practices for EPA Grants Management Offices (2004)
- Based on analysis of workload, roles and responsibilities, and best practices, provide guidance to EPA Grants Management Offices and Program Offices on how resources should be allocated to ensure effective and efficient grants management oversight (2005)

Objective 4.5: Provide High-level Coordination, Planning, and Priority Setting for Grants Management

- Update GMO business plans in 2003 and annually thereafter
- Establish senior-level Grants Management Council (2003)

PERFORMANCE MEASURES

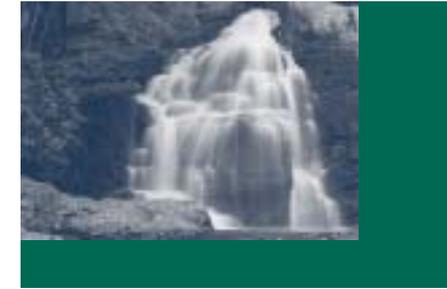
The following performance measures will help EPA track its progress in strengthening the oversight of grants.

- Percentage of grants awarded in the fourth quarter of the Agency's fiscal year
Baseline: 67% Target 2004: 57%
- Number of comprehensive internal reviews of EPA grants management operations
Baseline: 0 Target: 2003 (Regions): 3 (HQ): 4
- Percentage of active recipients who receive advanced monitoring (onsite and offsite evaluative reviews)
Baseline: 5% Target 2003: 10%
- Percentage of active recipients who have onsite reviews conducted by Program Office and/or GMOs
Baseline: establish in 2003 Target 2004: 5% increase over baseline
- Percentage of offices that submit post-award monitoring plans on time
Baseline: 60% Target 2003: 100%
- Percentage of eligible grants closed out
Baseline FY 2001: 89% Target FY 2001: 99%
FY 2002: 51% FY 2002: 90%



GOAL 5:

SUPPORT IDENTIFYING AND ACHIEVING ENVIRONMENTAL OUTCOMES



EPA's 2003 Strategic Plan reflects a new perspective on the Agency's work, with a sharpened focus on achieving measurable environmental results. EPA has constructed its 2003 Strategic Plan around five new goals that describe the results we are striving to achieve: Clear Air; Clean and Safe Water, Preserve and Restore the Land, Healthy Communities and Ecosystems, and Compliance and Environmental Stewardship. Under its new Plan, the Agency treats key functions such as sound science, quality environmental information, and effective management (including grants management) not as goals in themselves, but as important means to an environmental end. This Grants Management Plan reflects this new focus on environmental results and the activities described in the Plan will play a critical role in the accomplishment of the Agency's five goals.

By linking grants performance to the achievement of the Agency's performance goals, the activities proposed in this Plan will further enhance the Agency's efforts to manage for results. EPA will strengthen its project officer training program to highlight the importance of environmental results and work with the Program Offices to include consideration of environmental outcomes in grant workplans and to link activities to measurable outcomes.

Objective 5.1: Include Expected Environmental Outcomes and Performance Measures in Grant Workplans

- Develop a tutorial for grantees on how to develop performance measures for workplans (2003)
- Issue grants policy guidance to ensure that all grant workplans, decision memoranda, and/or terms of condition include environmental outcomes and how to measure them (2003)
- Require a discussion of expected environmental outcomes and performance measures in grant solicitations (2004)

Objective 5.2: Improve Reporting on Progress Made in Achieving Environmental Outcomes

- Establish reporting on environmental outcomes as a criterion for approval of interim and final reports (2005)
- Incorporate success in reporting on outcomes into the criteria for awarding new grants (2005)

TABLE 1
PERFORMANCE MEASURES FOR GRANTS MANAGEMENT PLAN

PERFORMANCE MEASURES	BASELINE	TARGET	SOURCE OF DATA: DATABASE(S)	CALCULATION/FIELDS
GOAL 1: ENHANCE THE SKILLS OF EPA PERSONNEL INVOLVED IN GRANTS MANAGEMENT				
Percentage of grants managed by certified project officers	85% December 2002	100% April 2003	Certified Project Officers & Active Grants	Number of active grants managed by certified project officers/total number of active grants
Percentage of grants managed by project officers who have taken enhanced project officer refresher course	0%	30% 2004 60% 2005 100% 2006	Certified Project Officers & Active Grants	Number of active grants managed by project officers who have taken enhanced refresher course/total number of active grants
GOAL 2: PROMOTE COMPETITION IN THE AWARD OF GRANTS				
Percentage of new grants subject to the competition order that are competed	27% new grants September 2002	30% September 2003 60% September 2004 85% September 2005	Active Grants	Number of grants competed/total number of grants subject to competition
Percentage of new grants to non-profit recipients subject to the competition order that are competed	24% new grants September 2002	30% September 2003 55% September 2004 75% September 2005	Active Grants	Number of grants to non-profits competed/total number of grants to non profits subject to competition
GOAL 3: LEVERAGE TECHNOLOGY TO IMPROVE PROGRAM PERFORMANCE				
Percentage of grants funding packages that are submitted electronically	<i>Regions:</i> 53% in 8 regions <i>HQ:</i> 0% August 2002	<i>Regions:</i> 65% by 2003 85% by 2004 <i>HQ:</i> 25% by December 2006	IGMS	Number of grants packages (funding recommendation or commitment notice) transmitted electronically/total number of grants and amendments awarded in fiscal year

TABLE 1 (CONTINUED)
PERFORMANCE MEASURES FOR GRANTS MANAGEMENT PLAN

PERFORMANCE MEASURES	BASELINE	TARGET	SOURCE OF DATA: DATABASE(S)	CALCULATION/FIELDS
Average number of days to process a grant	60 Days September 2002	<i>Regions:</i> 57 days by 2003 (5% reduction from baseline) 51 days by 2004 (15% reduction from baseline) <i>HQ:</i> Target to be established once IGMS installed	IGMS	<i>Regions:</i> average number of days from "received date" to "award date" <i>HQ:</i> average number of days from "Funding Package Date" to "award date"
Percentage of award transactions transmitted electronically into the finance system (IFMS)	<i>Regions:</i> 0% <i>HQ:</i> 100% (FY 2002)	100% Regions and HQ by December 2004	IGMS, IFMS	Number of award transactions or award amount transmitted electronically during the year/total number of award transactions Agency-wide for entire year
Number of electronic applications received in IGMS from E-Grants Portal	0	December 2004 (Target to be established once we have experience with volume)	IGMS	Number of applications transmitted to IGMS from E-Grants Portal
GOAL 4: STRENGTHEN EPA OVERSIGHT OF GRANTS				
Percentage of grants awarded in 4 th quarter	67 % 4th quarter FY 2002	57 % 4th quarter FY 2004	Active Grants	Number of grants with award date in fourth quarter/total number of grants awarded in FY

TABLE 1 (CONTINUED)
PERFORMANCE MEASURES FOR GRANTS MANAGEMENT PLAN

PERFORMANCE MEASURES	BASELINE	TARGET	SOURCE OF DATA: DATABASE(S)	CALCULATION/FIELDS
Number of comprehensive internal reviews of EPA grants management operations	0 in 2002 (However, 15 reviews of EPA operations were conducted in 2002 that examined various aspects of grants management.)	7 in 2003 <i>Regions: 3</i> <i>HQ: 4</i>	--	--
Percentage of active recipients who receive advanced monitoring (onsite and offsite evaluative reviews)	5% (2002 Goal, 3.2% recorded in database)	10% 2003	Compliance Database	Number of advanced monitoring activities/ total number of recipients
Percentage of active recipients who have onsite reviews conducted by Program Office and/or GMOs	Establish Baseline in 2003	5% increase over 2003 baseline in 2004	Compliance Database	Number of onsite evaluative reviews by GMO and Program Office/total number of recipients
Percentage of offices that submit post-award monitoring plans on time	60% (2002)	100% (2003)	--	--
Percentage of eligible grants closed out	End of FY 2001: 89% End of FY 2002: 51%	99% 2001 90% 2002	IGMS and Closeout Report	Number of grants closed out/number of grants scheduled for close out
GOAL 5: SUPPORT IDENTIFYING AND ACHIEVING ENVIRONMENTAL OUTCOMES				
Percentage of grant workplans decision memoranda, and terms of condition that include discussion of how grantees plan to measure and report on environmental progress	Establish Baseline in FY 2003	70% 2004 80% 2005 100% 2006	Random Sample of Grant Files from Internal Reviews	Number of grants in sample that include discussion of environmental outcomes/ total number of grants sampled

TABLE 2
GRANTS MANAGEMENT PLAN ACTION ITEMS BY GOAL AND TARGET COMPLETION DATE

GOAL 1: ENHANCE THE SKILLS OF EPA PERSONNEL INVOLVED IN GRANTS MANAGEMENT		
2003	2004	2005 AND BEYOND
<ul style="list-style-type: none"> • Issue 5th Edition of Project Officer Training Manual that will focus on core competencies needed to manage grants. The manual will be enhanced to include additional materials on pre-award review and application procedures, budget, cost and procurement review, grants competition, environmental results in workplans, and use of the Federal Audit Clearinghouse • Conduct project officer training with special emphasis on the core competency areas that were enhanced in the 5th edition of the training manual • Issue initial edition of the Grant Specialist Training Manual. The manual will focus on core competency areas and include discussions on indirect costs, budget and application review, competition, post-award monitoring, and the Federal Audit Clearinghouse • Conduct Grant Specialist training focusing on core competency areas • Develop Long-Term Grants Management Training Plan 	<ul style="list-style-type: none"> • Enhance and update on-line reference materials for grant specialists in core knowledge areas • Implement on-line training for grant specialists in core competency areas • Implement classroom grants management training for managers and supervisors • Enhance on-line training for the refresher project officers course to include additional materials on pre-application review, competition, post-award monitoring, environmental outcomes and other new areas covered in the Project Officer Training Manual, as well as verification of completion at each step 	<ul style="list-style-type: none"> • Implement on-line training for the basic project officers course, including verification of completion at each step • Implement on-line grants management training program for managers and supervisors • Establish a certification program for grant specialists based on an examination of skills and core competencies required to manage grants (2006)

TABLE 2 (CONTINUED)
GRANTS MANAGEMENT PLAN ACTION ITEMS BY GOAL AND TARGET COMPLETION DATE

GOAL 1: ENHANCE THE SKILLS OF EPA PERSONNEL INVOLVED IN GRANTS MANAGEMENT (CONTINUED)		
2003	2004	2005 AND BEYOND
<ul style="list-style-type: none"> • Issue guidance on the proper use of amendments • Develop a pilot grants management training program for managers and supervisors • Ensure that Regional Offices, Headquarters NPMs and OGD provide basic and refresher grants management training to project officers on a timely basis (ongoing) 		

TABLE 2 (CONTINUED)
GRANTS MANAGEMENT PLAN ACTION ITEMS BY GOAL AND TARGET COMPLETION DATE

GOAL 2: PROMOTE COMPETITION IN THE AWARD OF GRANTS		
2003	2004	2005 AND BEYOND
<ul style="list-style-type: none"> • Provide guidance to National Program Managers on CFDA descriptions that publicize funding priorities and opportunities • Include NPM funding priorities in the CFDA on an annual basis to ensure they are well advertised and linked to GPRA goals • Develop guidelines and make post-competition award information available to the public through the EPA Internet (e.g., number and name of successful applicants, award amounts) • Develop a central Grants Competition Web page linked to Program Office Web sites to make EPA grant solicitations easily available to the public • Develop standard Agency-wide grant competition training materials and incorporate into project officer and grant specialist training • Post all EPA grant solicitations on the Fed Biz Opps Web site • Provide full staffing for Grants Competition Advocate 	<ul style="list-style-type: none"> • Develop a structured annual planning process for grants competition • Expand public awareness of EPA funding opportunities by improving the accuracy and specificity of program descriptions in the CFDA • Research innovative grants competition strategies performed by federal, state or local governments and determine suitability for adapting them for EPA use 	<ul style="list-style-type: none"> • Implement a structured annual planning process for grants competition

TABLE 2 (CONTINUED)
GRANTS MANAGEMENT PLAN ACTION ITEMS BY GOAL AND TARGET COMPLETION DATE

GOAL 3: LEVERAGE TECHNOLOGY TO IMPROVE PROGRAM PERFORMANCE		
2003	2004	2005 AND BEYOND
<ul style="list-style-type: none"> • Complete deployment of IGMS in Regions 2, 4, 5, and 8 and of pilot Headquarters component • Develop an interface between IGMS and IFMS so that commitment notice information need be entered only once • Complete analysis of changes required to IGMS and Grants Information Control System (GICS) to enable these systems to interface with federal E-Grants portal • Develop and implement IGMS post-award module • Correct inconsistencies and inaccuracies in the naming of grantees, grant specialists and project officers so that accurate reports of workload and recipient counts are available • Enhance the Electronic Grant File reporting views for the reports needed to monitor grant specialists and project officer workloads • Expand Project Officer Database to track certification and re-certification activities • Establish a tracking system to identify competition status (competed or not competed) of grants 	<ul style="list-style-type: none"> • Enable electronic transmission of award data from IGMS to IFMS • Develop an interface to federal E-Grants portal to enable IGMS to accept applications • Develop a project officer interface to simplify use of IGMS • Ensure that Agency information technology systems (e.g. Financial Data Warehouse) make grants information readily available to EPA personnel • Create an Agency Web site to allow grant specialists and project officers to access best practices and other tools for post-award management 	<ul style="list-style-type: none"> • Complete deployment of IGMS in Headquarters • Expand interface to federal E-Grants Portal to include reporting • Modify IGMS data elements to E-Grants standards for reporting • Develop an administrative review checklist in IGMS to ensure that grant packages are complete, comprehensive, and in compliance with EPA orders and policies

TABLE 2 (CONTINUED)
GRANTS MANAGEMENT PLAN ACTION ITEMS BY GOAL AND TARGET COMPLETION DATE

GOAL 4: STRENGTHEN EPA OVERSIGHT OF GRANTS		
2003	2004	2005 AND BEYOND
<ul style="list-style-type: none"> • Combine the Management Oversight and Post-Award Validation Grants Management Review protocols of EPA offices by redesigning and consolidating into one cradle-to-grave review; and develop and begin implementation of internal early warning systems (e.g., a review of performance measures) for identifying grant management weaknesses • Conduct cradle-to-grave grants management reviews of EPA Headquarters and Regional Offices • Issue revised guidance on grants management self assessments (MERs) that are conducted by EPA's offices • Require all EPA offices to conduct baseline monitoring of all active grantees (ongoing) • Increase the level of advanced monitoring of grantees by EPA offices, including desk reviews and on-site reviews, to a minimum of 10 percent annually of active recipients • Ensure that all EPA offices record their activities in the Agency's Compliance Database, including documentation of the results of compliance reviews 	<ul style="list-style-type: none"> • Establish a pre-award financial systems review program for at-risk grantees • Establish Grants Clearinghouse/Hotline for grant recipients • Review and update EPA's indirect cost rate policies • Ensure that Performance Standards established for grant specialists and project officers adequately address grants management responsibilities • Develop workload analysis of project officers and grant specialists • Establish Standard Operating Procedures and Best Practices for EPA Grants Management Offices 	<ul style="list-style-type: none"> • Develop grants management resource tool to replace Assistance Administration Manual (2006) • Based on analysis of workload, roles and responsibilities, and best practices, provide guidance to EPA Grants Management Offices and Program Offices on how resources should be allocated to ensure effective and efficient grants management oversight

TABLE 2 (CONTINUED)
GRANTS MANAGEMENT PLAN ACTION ITEMS BY GOAL AND TARGET COMPLETION DATE

GOAL 4: STRENGTHEN EPA OVERSIGHT OF GRANTS (CONTINUED)		
2003	2004	2005 AND BEYOND
<ul style="list-style-type: none"> • Ensure that all offices submit timely annual post-award monitoring plans • Ensure that all EPA offices will on an annual basis define and identify categories of at-risk grantees requiring technical and/or compliance assistance • Complete development, in partnership with OIG, of an instructional video for nonprofit recipients on how to manage their grants • Provide training courses for nonprofit recipients • Develop grants management tribal training manual and provide training to tribes • Develop guidance on required procurement processes under grants, including competition, cost and price analyses and avoidance of conflicts of interest, and make available to grantees • Clarify roles and responsibilities of Senior Resource Officials • Issue grants policy document defining roles and responsibilities of EPA Grants Management Officers, Program Office Officials, and project officers • Update GMO business plan annually • Establish senior-level Grants Management Council 		

TABLE 2 (CONTINUED)
GRANTS MANAGEMENT PLAN ACTION ITEMS BY GOAL AND TARGET COMPLETION DATE

GOAL 5: SUPPORT IDENTIFYING AND REALIZING ENVIRONMENTAL OUTCOMES		
2003	2004	2005 AND BEYOND
<ul style="list-style-type: none"> • Develop a tutorial for grantees on how to develop performance measures for workplans • Issue grants policy guidance to ensure that all grant workplans, decision memoranda, and/or terms of condition include environmental outcomes and how to measure them 	<ul style="list-style-type: none"> • Require a discussion of expected environmental outcomes and performance measures in grant solicitations • Address Paperwork Reduction Act requirements to enable cooperative agreement recipients to easily collect information on environmental results and outcomes 	<ul style="list-style-type: none"> • Establish reporting on environmental outcomes as a criterion for approval of interim and final reports • Incorporate success in reporting on outcomes into the criteria for awarding new grants

WE WELCOME YOUR COMMENTS!

Thank you for your interest in the Environmental Protection Agency's 2003-2008 Grants Management Plan. We welcome your comments on how we can make this plan a more informative document for our audience and stakeholders. Please send your comments to <http://www.epa.gov/ogd/grants/comments.htm> or write to:

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