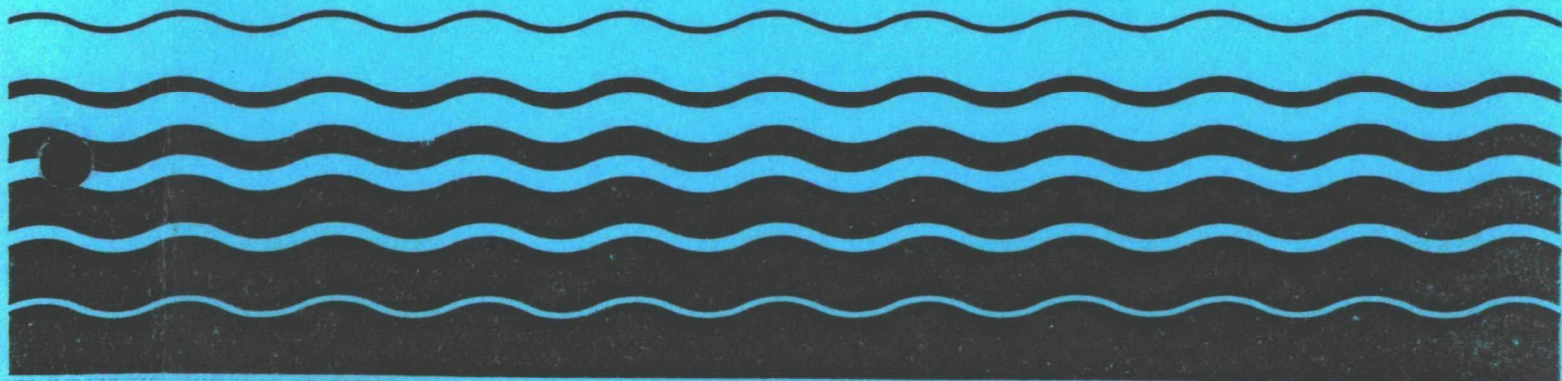


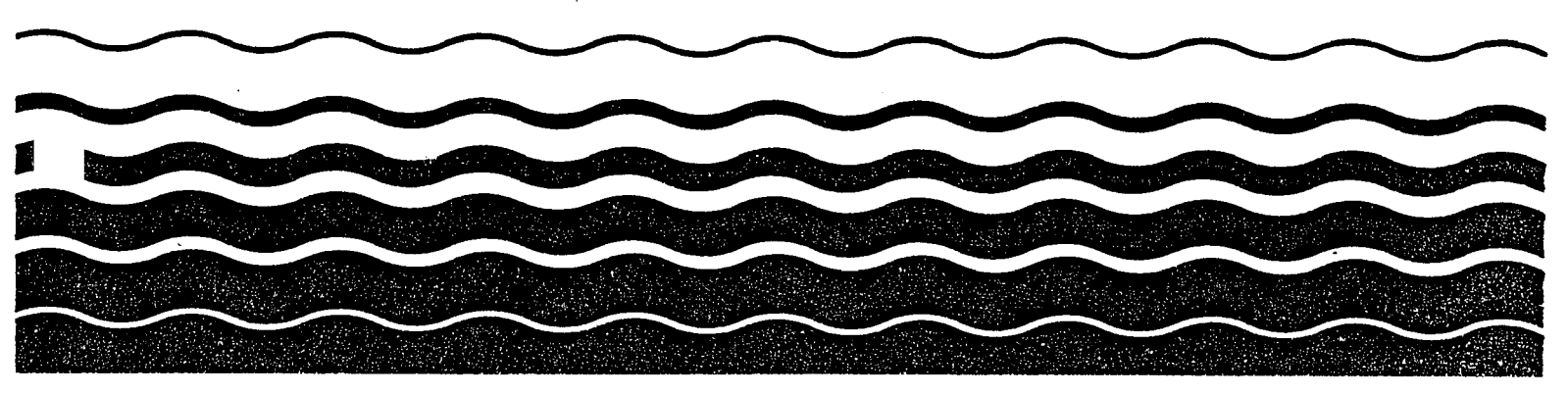


Guidelines for Overlooking Construction Grant Activities Conducted under the Interagency Agreement with the Corps of Engineers





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GUIDELINES FOR OVERVIEWING
CONSTRUCTION GRANT ACTIVITIES
CONDUCTED UNDER THE INTERAGENCY
AGREEMENT WITH THE CORPS OF ENGINEERS

U.S. ENVIRONMENTAL PROTECTION AGENCY
MUNICIPAL CONSTRUCTION DIVISION
PROGRAM POLICY BRANCH
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1. **PURPOSE:** The purpose of this document is to provide general operating guidance to EPA Regional Offices (RO) as well as to the Corps of Engineers (Corps) Division and District Offices in discharging their management responsibilities in overseeing activities conducted under the Interagency Agreement (IAG) on projects funded under EPA's construction grants program. By giving proper and continual attention to the indicators of progress (reporting) and by exercising prudent management (overview measures), a more effective construction program can be realized and the early detection of evidence of waste, fraud and mismanagement of Federal grant funds can be achieved.

2. **BACKGROUND:** With the elimination of Step 1 and Step 2 grants from the construction grants program and the completion of planning and design work on many projects, the focus of the program is shifting to construction per se. In a recent, in depth study of Regional Office functions and activities (the "Baseline" ^{1/} study), considerable attention was given to the need for strengthening Step 3 overview activities. A myriad of methods and procedures are used by the Regional Offices, the Corps (under the IAG with EPA) and by the States (under their delegation agreements) to monitor grantee management of construction projects. The guidelines presented here are designed to satisfy the need for an integrated and consistent overview structure for assessing the effectiveness of the various activities performed on construction grants projects under the IAG with the Corps.

^{1/} Construction Grants Program Baseline Functions, Municipal Construction Division, July 1, 1983.

EPA has prepared an official guidance document ^{2/} for the general overview of State and Corps performance under a delegated program which supplements the regulations found in Subpart J of 40 CFR Part 35. One of the four evaluation methods described in that guidance is the Program Management Review to "... assess the adequacy of EPA, State and Corps program management towards achieving priority objectives." Herein is provided a methodology for conducting program management reviews of Step 3 activities on a continuing basis.

3. INTRODUCTION: This guidance document contains three main sections: Reporting, Overviewing, and Appendices. The Overviewing section is preceded by a section on Reporting because the overview process, to a large extent, depends on the information in the various reports generated by activities of the Corps under the IAG. The Appendices contain (a) a brief description of the roles and responsibilities of the participant organizations in the IAG program; and (b) a chart illustrating the various EPA, Corps and State organizations involved in the overviewing and reporting activities of the construction grants program and their associated levels.

The Corps/State/Regional Office roles will vary according to the status of the delegation of grant management functions in individual States. The recommendations contained herein should be considered as guidance and modified as necessary in keeping with individual Regional experiences and operating requirements as well as the specific responsibilities and procedures outlined in State Delegation Agreements and EPA/Corps Regional Interagency Agreements. It is expected that these Agreements, as appropriate, will be revised or supplemented to reflect this guidance.

^{2/} Construction Grants Delegation and Overview Guidance, Office of Water Program Operations, December 22, 1983.

In general, the Regions with the larger Corps operations should adhere more closely to these guidelines than Regions overseeing smaller Corps operations.

4. REPORTING - The process of reporting on various Corps activities must be orderly. As the chart in Appendix II indicates, this order may have four levels.
 - a. Level 1 represents the reports prepared by the Corps inspector. These reports are a distillation of the inspector's observations of activities performed by the grantee, the grantee's A/E, resident engineer/inspector and the construction contractor, along with his/her findings and perceptions. The Corps inspector also reports on other activities in which he/she participates.

The following is a listing of typical Level 1 reports:

- (1) Interim/final inspection and on-site presence reports.
- (2) Preconstruction conference and project management conference (PMC) minutes.
- (3) Information contributed to construction management evaluation (CME) reports.
- (4) Reports on the progress and numbers of:
 - B&C reviews
 - Administrative completions
 - Physical completions
 - Outlay projections
 - Project management assignments
 - Grant closeouts

- ° Special requests/assignments
 - Technical assistance/reports
 - Engineering field studies
 - Technical investigations - including feasibility studies
 - Independent cost estimates
 - Dispute/"credit" determinations
 - Technical supervision
 - Start-up monitoring
 - 205(g) evaluation assistance
 - Disaster assistance (related to construction grant projects)
 - Advisor to a State

The above reports are submitted to Level 2 for review and further action, including transmittal of information to other participants in the overview process.

- b. Level 2 comprises the first line of supervision of the field staff and, therefore, the first level of management in the overview process. Typically, Level 2 is the Corps District Office where inspection and related activities have been assigned.

The following types of reports should be prepared by the Corps District Office for overseeing authorities:

- (1) A report summarizing activities and assignments carried out during the report period -- including, for example, project, grantee, grant, date performed, inspector's name, contract(s) (where appropriate), etc.

- (2) A list of inspection and activity review reports which were submitted by District inspectors to each State.
- (3) Monthly status of financial/administrative areas, e.g., FTEs (part-time/full-time), expenditures by object class, overhead; IAG staffing plans (at beginning of fiscal year). Excessive shortfalls or overages should be called to the attention of and explained to higher authority. This notification may be an oral or written commentary.
- (4) Program accomplishments, problems, issues, recommendations, and significant findings from inspections, PMCs, and CMEs.

The above types of reports are forwarded to the Corps Division Office (Level 3).

c. Level 3 represents the Corps Division Office which has an IAG program reporting responsibility to EPA Regional Office(s) and to Corps Headquarters. The following are sample types of reports:

- (1) Quantitative management reports detailing: status of work plan activities -- number and kinds of activities, frequency and location; grants and personnel involved; financial/administrative summary: FTEs; expenditures; annual staffing and training plans.^{3/}

^{3/}A system for reporting these items has been implemented.

(2) Qualitative management reports describing overall results in summary form including: accomplishments/deficiencies, information of interest to others, e.g., ROs, and problems and issues.

(3) Overview efforts

(Where Step 3 activities are delegated to the State, the State Headquarters and other offices would also receive copies of the above information.)

d. Level 4 consists of the EPA Regional Offices and the Corps' Headquarters. Since reports prepared at Level 4 must satisfy the national program management requirements of EPA (relate to the Corps National work plan), the Level 4 reporting process needs to be of manageable proportions.

(1) From the Corps, a quarterly statement of performance under the IAG consisting of:

- ° Status of work plan: actuals vs. targets
(Division, District, totals)
- ° Financial/administrative summary: - FTEs;
obligations, expenditures (Region, Division,
District, totals)
- ° Annotations to explain shortfalls or excesses - By
Division, District, National summary
- ° Overall results - National summary

- ° Accomplishments/deficiencies - National summary
- ° Programmatic problems/issues - Requiring EPA/HQ attention

(2) From each Regional Office, a monthly description of the Region's management of Corps resources showing:

- ° Status of work plan: completed assignments (State and Regional totals)^{3/}
- ° Financial/administrative summary - FTEs - expenditures^{3/}
- ° Overall results in the Region^{4/}
- ° Accomplishments/deficiencies - Region-wide or by State (as appropriate)^{4/}
- ° Programmatic/issues - Requiring Headquarters attention^{4/}

5. OVERVIEWING - Basically, the process of overviewing, to be efficient, depends, in part, upon the availability of data and reports which adequately describe the activities under review. Such information, in the hands of staff who desire to assure that resources are being applied appropriately and that the objectives of the program are in fact, being met, and who understand their overview role in the management chain, can help sustain the overall effectiveness of the IAG program.

^{3/} A system for reporting these items has been implemented.

^{4/} NOTE: Particular emphasis needs to be given to these items in quarterly reports.

In the sections which follow, the use of reports and various review procedures are addressed. The overview process is presented in the reverse order of the reporting process - i.e. from the top down.

a. EPA Headquarters

In carrying out its national program responsibilities, EPA Headquarters' overview of the Regional Offices and Corps Headquarters consists of the following actions:

- (1) Analyze management reports submitted monthly by Regional Offices and quarterly by Corps HQ to: determine if annual work plan and resource targets are generally on course; assure that priority needs are given priority attention; assess the overall effectiveness of operations under the IAG; summarize information for higher authorities; resolve issues directly with ROs or Corps HQ -- making periodic adjustments of work plan and resource targets; issue general guidance or directives; provide assistance to the ROs; and contact higher authorities to resolve exceptional issues.

- (2) Initiate overview activities, to include: visiting EPA Regional Offices to assess management practices, discuss issues/problems/successes, and exchange views with RO personnel; observing operational practices^{5/} by visiting (with RO

^{5/}Note: (a) Such visits will be discussed with Corps Headquarters in advance and may be done with Corps Headquarters staff. (b) Reviews at the Division, District and grantee level will be coordinated with the Regional Office and a Regional representative will be invited to attend. Similarly, reviews at the District level will be cleared through Division Offices. (c) Where grantee level reviews are involved, the State will also be invited to attend.

staff on a limited, selective basis) Corps Division and District Offices and grantees; and, on a sample basis and in conjunction with the overall RO effort, participating in CMEs and observing PMCs and preconstruction conferences.

- (3) Develop annual work plan instructions and related guidance and evaluate Regional submissions to assure priority activities are emphasized and Regionally proposed activities are fully coordinated with Divisions and States. Approve annual work plans and resource targets.
- (4) Provide fiscal reports necessary to meet Agency legislative, budget and accounting requirements.

b. Corps Headquarters

As the organization charged with assuring that assignments under the IAG program are effectively carried out by its personnel nationwide, the Corps' overview responsibilities are:

- (1) Maintain continual contact with Division Offices to assure that Corps IAG managers are operating an effective program and to provide advice and assistance which may be needed to overcome Corps operating problems and resolve management issues in these offices.
- (2) Analyze and evaluate reports submitted monthly by Division and District Offices to assure that assignments are being implemented in a professional and timely manner and IAG funds are properly accounted for.

- (3) Issue guidance and directives, as needed, to assure quality efforts are being maintained throughout the Corps organization.
- (4) Selectively visit Corps field offices at all levels to: assess management and operational practices -- including providing full and competent staffing and assuring the prudent use of IAG funds; discuss operational and procedural issues/problems/successes; and exchange views.
- (5) Assist EPA Headquarters in the development of annual work plan instructions and related guidance; and coordinate and evaluate the preparation of Division submissions to assure that instructions are consistently followed and close coordination with EPA Regional Offices is achieved.
- (6) Provide EPA Headquarters with monthly and quarterly program and resource utilization reports necessary for the effective administration of the IAG program.

c. EPA Regional Office

EPA Regional Office IAG overview responsibilities cover the activities assigned to the Corps' Division and District Offices under the annual work plan. In particular, the Regional Office should:

- (1) Monitor and respond to work plan accomplishment data, received monthly, on the kinds and numbers of activities, FTEs, expenditures, etc., primarily to assure that progress in meeting annual commitments is being made.

- (2) Conduct informal meetings (generally monthly) with counterpart(s) in the Division(s) to review overall progress, discuss means of strengthening communications among all participants in the program and follow through as appropriate. (Where geographical distances warrant, telephone calls may suffice.)
- (3) Conduct formal meetings (quarterly) with staff of Division(s) and, as needed, Districts and, as appropriate, States to review performance (e.g., number of outputs, quality of work, fund and staff utilization), resolve shortcomings, and discuss future work schedules (including planned outputs, staffing, and correction of inadequacies).
- (4) Conduct or overview the conduct of construction management evaluations (CMEs) -- a cooperative effort among EPA, Corps and States. (Details are found in the CME handbook.)^{6/}
- (5) Annually, review representative samples of project reports to assess their quality and the adequacy of follow-up activities on deficiencies noted therein. (State/EPA project officers, who regularly receive a copy of field reports, should also be requested to inform the Regional Corps coordinator of critical inadequacies if observed.) In addition, case study reviews of crucial activities may be undertaken. (These would be defined in the annual Corps work plan and/or the State monitoring plans.)

^{6/}Construction Management Evaluation and Project Management Conference Manual, Municipal Construction Division, December 1983.

- (6) Conduct review inspections of activities undertaken in each District. Such reviews should include visits to a limited number of projects to verify the completeness and quality of project inspections and reports, as well as to the District Office itself to examine its operations in managing IAG assignments. These reviews should be coordinated with Corps Division staff to avoid duplication of effort.
- (7) With associated Divisions, assess the need for training and assist in providing or coordinating training courses.

d. Corps Division Office

A Corps Division's overview responsibilities will vary somewhat with both the activities delegated to its associate States and the assignments negotiated in the annual work plan. However, certain minimum activities are expected. Each Division Office should:

- (1) Conduct quality assurance reviews of activities negotiated in the annual work plan.
- (2) Conduct, regularly, reviews of each District's overall IAG management effort to be certain that
 - (a) District supervisors are assuring that assignments and follow-up actions on deficiencies are being carried out in a timely and effective manner,
 - (b) proper staffing is maintained (number, qualifications, skill mix, full-time vs. part-time and vacancies promptly filled),
 - (c) supervision of IAG staff is consistent with effective management

practices, (d) a positive working relationship with the States is maintained, (e) required financial reports are produced in a timely fashion, and reviewed (and approved) properly by both administrative and program officials at the Districts, and (f) program data and reports are properly prepared and timely submitted.

- (3) Assess the need for training and assist in providing or coordinating the planning or conduct of training courses.
- (4) Review representative samples of project reports (inspections, B/C reviews, etc.) from each Corps District to assess the completeness and quality of the inspector's findings, as well as the adequacy of follow-up activities on deficiencies noted.
- (5) Where large amounts of resources are concentrated in one particular activity, conducts case study reviews to assure that measures which can enhance the effectiveness of that activity are continuously applied.

e. Corps District Office

The Corps District Office is, in most instances, the first line of supervision over the conduct of field assignments. Overview efforts at this level are especially critical to the success of the IAG program. Such activities should include:

- (1) Regularly reviewing segments of the annual work plan assigned to the District to assure that annual targets can be met and quarterly targets are being pursued.

- (2) Performing detailed reviews of the conduct of individual staff assignments and the preparation of related reports.
- (3) Assuring that: the interface of Corps activities with States and grantees is properly and continuously maintained; findings and recommendations to States and grantees are followed-up; grants management aspects of an inspection and those elements of guidance presented in the "Operating Procedures for Monitoring Construction Activities" are duly considered by inspectors; and that feedback is provided to staff inspectors so that growth and improvement can be continually fostered.
- (4) Developing needed standard operating procedures; evaluating performance; recognizing the need for and assisting in providing for individual training needs.

APPENDIX I
Interagency Agreement Participating Offices

INTERAGENCY AGREEMENT PARTICIPATING OFFICES

CORPS - INSPECTOR - Acts as EPA's agent where the inspection functions have not been delegated to the State or are shared (in some instances) with the Corps; role is similar to that of the EPA or State inspector vis-a-vis grantee, except the inspector reports to the Corps District Office and is not responsible for protecting State interests, per se. His/her authority has essentially the same limits as those of an EPA inspector. The thrust of an interim inspection report is an evaluation of the quality of the grantee's management of the project. (See "Operating Procedures for Monitoring Construction Activities" for details.)

The inspector may also serve in an "on-site" capacity on a large project, about \$50 million or more, or a cluster of projects to provide continuous coverage of the progress of work. In an on-site role, the inspector has the same duties and responsibilities as when conducting interim inspections.

The inspector conducts final inspections, project management conferences (PMCs) and participates in preconstruction conferences. He/she may also participate in construction management evaluations (CMEs) as a member of a CME team, be involved in special assignments which draw upon his/her construction expertise or serve as a technical advisor to a State's construction grant operations.

CORPS - DISTRICT OFFICE - Provides supervision to the field inspectors; manages field level activities conducted for EPA; evaluates inspection and other reports submitted by the inspectors and forwards the results to the EPA Regional Office and State. The District Office is the basic link between the day-to-day field operations of the Corps and the management structure of the IAG, in seeing that the work plan objectives are being addressed and achieved.

CORPS - DIVISION OFFICE - Supervises the activities of associated District Offices and coordinates their activities with EPA Regional Offices. The Division Office is the link between the District Office and Corps Headquarters and EPA Regional Offices. It is responsible for the development and implementation, with EPA Regional Offices, of the annual work plan (and budget) and for seeing that national priorities/objectives/resource targets are accomplished by the District Offices. Also responsible for seeing that the work plan reports of Corps activities are submitted in a timely manner.

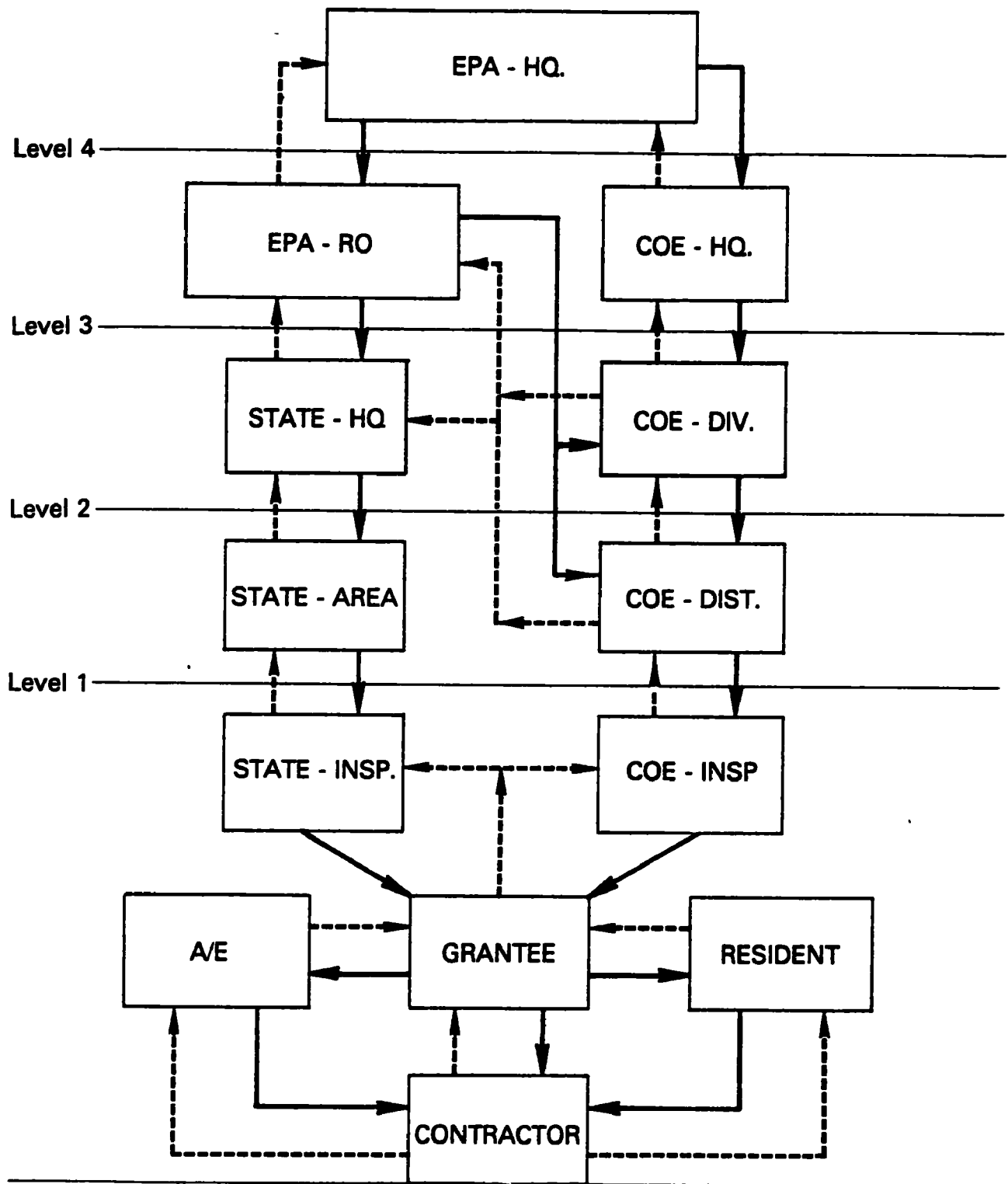
EPA - REGIONAL OFFICE (RO) - Under the IAG, the RO monitors the performance of, and provides programmatic and technical assistance to, the Corps; reports to EPA Headquarters on program progress, resource use problems and accomplishments. The RO, with its Divisions, is responsible for developing the annual work plan, for assessing Corps performance against work plan objectives and for integrating the operations of the Corps into the overall conduct of the construction grants program within its geographical boundaries.

CORPS HEADQUARTERS - Directs the implementation of the IAG program through its Division and District Offices and, in accordance with the provisions of the IAG, assures that the program is effectively managed at all Corps levels of operation. Coordinates the development of the annual work plan among its field offices and assists EPA Headquarters in resolving work plan issues and in making final determinations; issues policy and guidance necessary to assure effective Corps field operations; assures that IAG funds are properly expended and that staffs necessary to execute IAG assignments are available; counsels, consults with and assists EPA Headquarters on instituting program improvements; conducts studies on the program's overall effectiveness or on areas of special interest and provides EPA Headquarters with appropriate progress reports -- including formal quarterly and annual briefings.

EPA - HEADQUARTERS - Directs the conduct of the national program, assuring that the ten Regional programs are operated as an integrated whole; approves annual work plans; establishes program priorities; distributes resources among the ROs and allocates funds to District Offices; provides data and justifications to support needed IAG appropriations in EPA budget cycle; provides policy direction and supplemental guidance as required; prepares and issues regulations to implement the authorizing statutes; overviews IAG operations and evaluates RO performance, particularly assuring that approved work plan commitments and OWOGAS targets are met; prepares summary reports on the status of IAG activities; and responds to requests for IAG information from OMB, Congress, GAO, national organizations and the public at-large.

APPENDIX II
An Organization of Construction Grant
Overviewing and Reporting

An Organization of Construction Grant Overviewing and Reporting



———> Direction of Overviewing
 - - - -> Direction of Reporting

