

This supplement to EPA InSight contains up-to-date policy information from the Administrator/Deputy Administrator to all EPA employees.

## Mission and Management September 1992, No. 1 EPA-175-N-92-005

Below is an oral statement from Administrator Bill Reilly to the U.S. House Energy and Commerce Subcommittee on Oversight and Investigations (Chairman John Dingell, D-MI) - July 8, 1992:

...AT EPA the mission of environmental protection is paramount. It is the reason why people come to work for us. It explains the special zeal of EPA's people. It is what people from other agencies often notice and comment on. Two things stand out about EPA people. First, they are highly committed to protecting the environment. EPA is not one of those agencies where, when you walk through the corridors, you feel the adrenalin running out of your shoes. Second, EPA gets the job done.

LOOKING BACK over the 21-year history of EPA, it's impressive how much the Agency has achieved and how successful this country has been in achieving the Nation's environmental goals. We brought the Great Lakes back. Lake Erie, whose tributary caught fire in the late 1960s, was dying--choking in algae, nutrients, fecal coliform, and chemicals. Last year, it produced a record-breaking take of commercial fish. We reduced carbon monoxide and sulfur dioxide in cities by one-third or more. We eliminated two-thirds of the particulates from the air in our cities. We eliminated 97 percent of lead emissions. We banned ozone-depleting chemicals and aerosols and canceled numerous cancer-causing chemicals. We are now cleaning up Superfund sites at the rate of one per week. Yesterday in New Jersey we achieved our one-hundredth clean up.

I COULD GO ON. But my point is, don't lose sight of the fact that, in no other area of public policy where the Nation has defined goals for itself, have we met them as unmistakably and indisputably as in the environmental area.

A REPORTER recently commented to me that it's not politically correct to acknowledge the successes we have had with the environment. Well, maybe not. But it is true, and it must not be overlooked by anything we have done with respect to contractors.

... MUCH OF MY TIME at EPA has been spent delivering a message that says we have achieved a great deal over the last 20 years. But to continue our success, we will have to do things differently. We will have to pay more attention to science and to risk analysis to help us set realistic priorities. We will have to pay more attention to the big threats to health and the environment and less attention to the problems scientists tell us matter less.

WE WILL have to pay more attention to economics because...there are many other important claims on scarce public and private resources.

WE WILL have to pay more attention to industry itself, which is paying for our environmental progress and, to an unprecedented degree, is achieving cost-effective progress under voluntary programs. I also think industry can move with us beyond reflexive confrontation to cooperative problem-solving with new technologies, market-based pollution-trading programs, and performance-based regulations.

Contracts pose a fundamentally similar challenge to us--a challenge to broaden our concept of mission. We are not eco-cowboys. We are 18,000-plus people, soon to have a budget, we hope, of \$7 billion, obligating \$1.2 billion annually on our contracts and purchases. To husband the public's money, we need to clamp down harder and faster on contractor abuses. We will. To retain the public trust, we need to give contract management a much higher priority at EPA. We will. To get the job done--which requires spending money carefully, keeping public confidence, and maximizing the use of our resources--we need to elevate the priority we give to rewarding good contract management. We will.

THERE ARE NO EXCUSES for our inattention to this problem. But we caught it before disaster struck. We are not, apparently, dealing with widespread corruption or gross incompetence. The practical result of our cultural problem has been one of failure in accountability. EPA managers have not been considered vested with authority for contract management, nor have they been held responsible for the results. It is hard to recognize cross



**-programmatic problems without accountability.** For example, splitting the contract management functions between program offices and the Office of Administration and Resources Management has allowed accountability to fall between the cracks. There have been some reasonably important external barriers, beyond our control, to quality contract management, such as ambiguity in the allowable cost language of the Federal Acquisition Regulations, closeout audit backlogs within the Defense Contract Auditing Agency and the IG's Office, and the budget limitations concerning full-time employees. These reasons are not an excuse for our problems. But we are working constructively with other agencies to address them.

LET ME BRIEFLY REVIEW the steps we have taken to date. We have formed a **Standing Committee on Contract Management**. We have created a **Federal Contract Management Board** which includes important representatives from outside our Agency. We have appointed **senior counsels in vulnerable areas**, such as the ARCS area and the Office of Research and Development. With respect to resources, we have requested **94 additional workyears for the Inspector General**. As indicated earlier, we have had a 76 percent increase in the resources provided to the Inspector General on our watch. We are now proposing an increase that would result in, if granted, **one out of every 40 employees at EPA working for the IG**. We have also set aside **\$3 million for new procurement staff** for this year. With respect to the **Computer Sciences Corporation Technical Operations and Support Services contract**, we have cancelled waivers of educational requirements involving 165 CSC employees. We have also cancelled **years four and five** of the TOSS contract. We have terminated the **CSC Technical Support Services contract** at the National Contracts Payment Center in Research Triangle Park, where we risked compromising confidential business information. We have undertaken a whole host of actions in response to audits, including **increased security and field visits**.

I WILL EFFECT a reorganization of OARM to create a **new Deputy Assistant Administrator** for the Agency's business-like functions, including procurement, contract management, and comptroller duties. This will raise the visibility of contract management within the Agency. We are also evaluating a system whereby **administrative contracting officers** would be placed in program offices--as opposed to OARM--to handle all contract management duties.

WITH RESPECT to contract planning, we are instituting a requirement that a **comprehensive contract management plan** be developed before a contract can be awarded. We are reviewing all contracts for improper

disclosures of confidential business information. WITH RESPECT to research and development, we declared extramural management of R&D contractors a "material weakness" in our 1990 and 1991 financial management integrity reports. In 1991, we established eight management steps in ORD to improve perceived weaknesses.

BEGINNING IN 1991, we sent ORD reviewers to each remote lab to correct contract practices in response to interim findings and have issued a series of new policies. In March, we reassigned the Duluth Lab Director to other duties **pending an IG investigation**, and we are now considering appropriate actions against other EPA employees at the Duluth Lab. We cancelled three contracts with **Asci Inc.**, which were criticized by the IG.

IN NOVEMBER 1991, we issued an implementation plan for improving **ARCS contract management**. We terminated a **Superfund ARCS contract** in Region IV. **There will be more**. We lowered program management costs to the level targeted in the 1992 Appropriations Bill. We are currently at 15 percent, down substantially from where we were. We prohibited award fees to contractors rated only "**minimally satisfactory**." An **ARCS Council** has been formed with senior officials.

WITH RESPECT to our Office of Policy, Planning, and Evaluation, we established a **contract management oversight group**, consisting of two contract officers and an experienced contract manager on detail to OPPE from a program office. This oversight group has accomplished the following: It established a **five-year acquisition strategy**, with an emphasis on competition and cost control. It provided guidance to every professional employee in OPPE. It removed all but two contractors from OPPE's physical space. It **overhauled** standard contracting procedures. It established an **on-line contract tracking system**. And it established a permanent group to report directly to the OPPE deputy.

WITH RESPECT to training, we trained over **85 percent of our SES employees**. The Air Force Institute of Technology will provide advance training in the fall.

MR CHAIRMAN, our lack of accountability is in the past. All EPA employees, from senior managers all the way down the line, must understand the **importance of quality contract management in pursuing the environmental mission**. The changes outlined here will succeed in changing our culture to one where **mission and management are married**.

EPA HAS LED THE WAY in achieving the environmental objectives this Nation has set for itself. There isn't a state or city, a lake, river or harbor that isn't better off because of this fact. **We have been first in advancing the standards of environmental protection.** I now want us to be first in the management of contracts.