



Highlights of GAO-03-846, a report to congressional requesters

## Why GAO Did This Study

The Environmental Protection Agency (EPA) has long faced problems managing its grants, which constitute over one-half of the agency's annual budget, or about \$4 billion. EPA uses grants to implement its programs to protect human health and the environment and awards grants to thousands of recipients, including state and local governments, tribes, universities, and nonprofit organizations. EPA's ability to efficiently and effectively accomplish its mission largely depends on how well it manages its grant resources. As requested, GAO determined (1) major challenges EPA faces in managing its grants and how it has addressed these challenges in the past, (2) extent to which EPA's recently issued policies and grants management plan address these challenges, and (3) promising practices, if any, that could assist EPA in addressing these challenges.

## What GAO Recommends

The Administrator of EPA should ensure that the agency (1) meets goals, targets, and time frames in its grants management plan, and (2) takes specific actions to strengthen its efforts and report annually to Congress on its grant management accomplishments.

In commenting on a draft of this report, EPA stated that it agreed with GAO's recommendations and will implement them as part of its 5-year grants management plan.

[www.gao.gov/cgi-bin/getrpt?GAO-03-846](http://www.gao.gov/cgi-bin/getrpt?GAO-03-846).

To view the full product, including the scope and methodology, click on the link above. For more information contact John B. Stephenson at (202) 512-3841 or [stephensonj@gao.gov](mailto:stephensonj@gao.gov).

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# GRANTS MANAGEMENT

## EPA Needs to Strengthen Efforts to Address Persistent Challenges

### What GAO Found

EPA continues to face four key management challenges, despite past efforts to address them. These challenges are (1) selecting the most qualified applicants, (2) effectively overseeing grantees, (3) measuring the results of grants, and (4) effectively managing grants staff and resources. In recent years, EPA has taken a series of actions to address these challenges by, among other things, issuing policies, conducting training, and developing a new data system for grants management. However, these past actions had mixed results because of the complexity of the problems, weaknesses in design and implementation, and insufficient management emphasis.

EPA's 2002 competition and oversight policies and 2003 grants management plan focus on the major challenges GAO identified, but will require strengthening, enhanced accountability, and a sustained commitment to succeed. For example, EPA's new oversight policy mandates more in-depth monitoring of grantees but it does not build in a process for analyzing the results of the in-depth monitoring to address systemic grantee problems. Such analysis could better target EPA's oversight efforts. In addition, its 5-year grants management plan does offer, for the first time, a comprehensive road map with objectives, goals, and milestones for addressing grants management challenges. However, the plan does not completely address how EPA will hold all managers and staff accountable for successfully fulfilling their management responsibilities. Therefore, EPA cannot ensure the sustained commitment required for the plan's success.

Although information on promising grants management practices is limited, the federal agencies and other organizations GAO contacted identified some practices for each of EPA's four major challenges that may further assist EPA in improving its grants management. For example, one federal agency takes into account applicants' potential to achieve results when selecting grantees. A private foundation conducts preaward reviews of some applicants to learn about the organization and assess its fiscal health. In addition, GAO has developed a guide for federal agencies to use to hold managers and staff accountable for achieving desired agency results. This guide could be useful in helping EPA ensure accountability for grants management performance.