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To

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cc

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Subject planning guidance

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Its time now to start preparing a plan for the first jobs of '08. After reviewing Patrick and Mike Binder's input, several things seem clear to me and I want to give direction to guide your plan development. This covers not only direction but in some cases specific projects.

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First, OPE must refocus to some different areas and refine the approach in others areas. Instead of Water, Air, Land, and Multi, I want the groups renamed and reaimed to R&D, Enforcement, Superfund, and Special Programs. This change will mean developing topics for ORD's work and OECA's work. All Land resources should be focused on Superfund issues. Topics for 08 should be in those areas. This guidance has the once exception for the contract data testing work that we are planning.

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The main reason for this refocus is that we have saturated the Water, Air areas and done not much to address R&D and enforcement. Since these are important areas with a lot of money, we want to change our coverage at this juncture to provide some review of these areas. This should last at least 2-3 years before we relook and react again. As you may remember, an important control that is missing is on manpower. I want you to do one job in this area on overhead in some context.

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Second, for OA, assuming the CFO audit is contracted, I want to audit financial management topics and broaden our grant fraud work with the entire grant staff plus some from the financial audit. I also want to audit the PART process, both completed PARTs, and conduct some PART

reviews - this process is the cornerstone of program management and we need to assure it works as intended. I think we could take a break from contracts to hit the PART area for '08. Specifically, I would like you to do one job on overhead manpower in the OARM context/or region context for overhead functions.

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What other financial statement audits can we see about contracting out? Also, Patrick should continue to guide work towards the Macro Risk Assessment. For that, I have asked Eileen to see what it will take to analyze the guidance versus directive structure and asked Pat Hill, to develop a zoomerang survey to a fix on if managers see the "guidance" as optional. Please give questions and suggestions to her for this purpose - the focus of this is to find out what is management's attitude toward internal controls. I want Patrick to specifically review/risks assess the "risk assessment" activity required of the agency.

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Third, for OCPL, I specifically want that staff to examine the issue of unused/unneeded facilities, and the issue of EPA citizen communication as we discussed.

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Fourth, OMS should examine whether all that fisma work can be contracted out for '08 and the staff resources devoted to finding efficiencies. I'd like to start with overhead in the IT area. Perhaps determine overhead in the regions and see if manpower levels can associated with workload and recommendations made to reduce. What is the agency buying by contract that it may not need?

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Last, OI, should plan audit coverage to add to the general grant/contract fraud arena and coordinate heavily with OA.

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I am available to discuss and refine this to make sense out of it if its not readily apparent.

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Howard and Mike will provide some other more administrative guidance on plan development.

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bill