



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OCT 6 2011

DEPUTY ADMINISTRATOR

MEMORANDUM

SUBJECT: Agencywide Application of Region 7 National Pollutant Discharge Elimination System Program Process Improvements Could Increase U.S. Environmental Protection Agency Efficiency, Report No. 11-P-0315

FROM: Bob Perciasepe *Bob Perciasepe*

TO: Arthur A. Elkins Jr.
Inspector General

I am transmitting the U.S. Environmental Protection Agency's response to the final report, *Agency-Wide Application of Region 7 NPDES Program Process Improvements Could Increase EPA Efficiency*, No. 11-P-0315, July 6, 2011, which focuses on applying lessons from Region 7's National Pollutant Discharge Elimination System permitting program Kaizen event and promoting agencywide use of business-process-improvement techniques. We thank you and your staff for undertaking this review. I am also offering a corrective-action plan for agreed-upon actions, including milestone dates.

Recommendation 1: Direct the Office of Water and the Office of Enforcement and Compliance Assurance to identify Region 7 process improvements that can be applied elsewhere, considering the cost and benefit of implementation. These actions include:

- a) Earlier resolution of technical issues and communication;
- b) Combining permitting and enforcement oversight reviews of the states;
- c) Implementing coordinated and integrated strategic planning for the NPDES program; and
- d) Fully implementing burden reduction initiatives identified during the event.

The EPA's response: The Office of Water and Region 7 will present Region 7's experience and the techniques for improving the resolution of technical issues and communication during a conference call with the NPDES program branch chiefs in the EPA regions to be held in the early part of the 2012 fiscal year. The Office of Water will host a follow-up discussion in which the regions will share their progress on implementation of any of the techniques used by Region 7 by the end of FY 2012. We believe that this commitment will fulfill recommendation 1, part a.

The Office of Water and the Office of Enforcement and Compliance Assurance will develop a schedule for reviewing all states for the first complete cycle of integrated reviews by the conclusion of the second quarter of FY 2012. OW and OECA will complete pilot integrated permitting and enforcement reviews and initiate the first cycle of integrated reviews by October 1, 2012. We believe these efforts adequately address part b of recommendation 1.

We agree that implementing coordinated and integrated strategic planning for the NPDES program is a beneficial activity for the EPA. Two memorandums were issued jointly by OW and OECA, the first on June 22, 2010, and the second on April 8, 2011, asking regions and states to conduct joint planning and communicating best practices and lessons from previous joint planning efforts. We believe these efforts adequately address part c of recommendation 1. Therefore, we believe this action is complete and no further corrective actions are required.

OECA will propose its NPDES Electronic Reporting Rule by December 31, 2011. Promulgation of this rule is expected at the end of 2012, and the burden reduction will depend on the final rulemaking package. This effort will address the burden reduction in regard to reporting indicated in the Region 7 Kaizen event.

Recommendation 2: Direct the Office of Policy to work with OW and OECA to develop methods for tracking and monitoring implementation of the processes identified in recommendation 1.

The EPA's response: OECA has developed an implementation plan, overseen by an OECA manager, that includes milestones and deadlines for all activities under the Clean Water Act action plan. This plan is reviewed and updated a minimum of once each month. All of the corrective actions identified above, with the exception of the sharing of technical issue resolution and communication improvement techniques, are part of the Clean Water Act action plan. We believe this mechanism, in addition to Management Audit Tracking System tracking of the action addressing part a of recommendation 1, is adequate for tracking and monitoring implementation of the processes identified above. Therefore, we have not included any additional corrective action to address this recommendation.

Recommendation 3: Direct the 10 regions to work with OW, OECA and OP to implement all the recommended process improvements.

The EPA's response: The process improvements identified by OW and OECA for implementation are included in the Clean Water Act action plan, which was requested and supported by Administrator Lisa P. Jackson and included regional participation in the development of its implementation plan. We propose that regional implementation of these process improvements occur through the Clean Water Act action plan, which includes clearly defined milestones and deadlines. The actions addressing recommendation 1 include ensuring regional implementation; therefore, we have not identified separate corrective actions addressing this recommendation.

Recommendation 4: Direct OP to develop a national policy on how to plan, design and implement business-process-improvement events that include:

- a) Integration of the existing best practices identified in EPA resources, such as kits on Lean, Kaizen and value-stream mapping that will address methods for overcoming common barriers to business-process-improvement events; and
- b) Requirements on how to address barriers concerning scope, performance measures, accountability and implementation.

The EPA's response: OP will develop an agency memorandum that encourages the use of business process improvements for gaining efficiency and reducing the complexity of agency processes and provides the latest integrated guide on how to plan, design and implement effective business-process improvement events. The guide will incorporate best practices and lessons on how to address potential barriers based on the EPA's experience and learning to date.

Recommendation 5: Establish an overall office or a steering committee for advocating and overseeing business-process-improvement events that involve multiple assistant administrators and regions.

The EPA's response: The EPA will use its existing Executive Management Council to develop ideas for encouraging, supporting and overseeing business-process-improvement activities across the agency. Following consultation with the Executive Management Council, roles and responsibilities for implementing selected ideas will be clarified.

Recommendation 6: Direct OP to work with other EPA offices to coordinate and carry out business-process-improvement events until OP finalizes the policy developed pursuant to recommendation 4.

The EPA's response: OP will continue to coordinate with and assist other EPA offices and states as they plan, implement and communicate business-process-improvement events through the provision of information, tools and services, such as identifying qualified Lean contractors and training opportunities.

Corrective Action Plan

Lead Program Office(s) or Region	Corrective Action	Due Date	Corrective Action
OW, Region 7	1a-1	12/31/11	Region 7 and OW will share best practices on improving resolution of technical issues and communication with the other EPA regions
OW	1a-2	9/30/12	OW will host a regional discussion on progress of any regions that implement the Region 7 techniques
OW, OECA	1b-1	3/31/12	Complete schedule for reviews of all states for first integrated review cycle
OW, OECA	1b-2	10/1/12	Complete pilot integrated reviews and initiate first cycle of integrated reviews
OECA	1d-1	12/31/11	Propose NPDES Electronic Reporting Rule
OP	4-1	11/30/11	Issue Agency memorandum encouraging use of business process improvements
OP	5-1	12/31/11	Consultation with EPA's Executive Management Council
OP	6-1	Ongoing	Continue to coordinate with and assist EPA offices and states with business process improvement events, tools and training