

BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

1085

Congressional Control Over Appropriations To The Corps Of Engineers Can Be Strengthened

During a recent 21-month period, the Corps of Engineers supplemented its general expense appropriation by about \$76.7 million that was appropriated for construction projects and related functions. The subsidization resulted in authorized project amounts being reduced thereby weakening congressional control over the Corps' appropriations. The Corps' method of financing did not provide an equitable method of distributing administrative costs to projects.

The Congress should require the Corps to fund its centralized functions, whenever possible, through the general expense appropriation. This will provide full disclosure and control of the costs. The Corps should improve its cost accounting methods.



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Report

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JANUARY 31, 1979





COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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To the President of the Senate and the
Speaker of the House of Representatives

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This report deals with the Corps of Engineers' practice of augmenting its general expense appropriation with project funds from 20 separate appropriations. We specifically discuss the need to correct weaknesses in the Corps' cost accounting methods. The findings were developed during a review of the activities at the Corps' Lower Mississippi Valley and Southwest divisions.

The Subcommittee on Public Works, House Committee on Appropriations, requested that the report be issued by January 31, 1979. At the Subcommittee's request, we did not obtain formal agency comments. However, a draft of the report was provided to Corps officials and their comments have been included in the report where appropriate.

Copies of this report are being sent to the Director, Office of Management and Budget and to the Secretary of the Army.

A handwritten signature in black ink, appearing to read "Thomas A. Stearns".

Comptroller General
of the United States



D I G E S T

When project funds are used to finance headquarters and division activities within the Corps of Engineers, congressional control is weakened because the size and scope of centralized activities cannot be monitored and there can be no assurance that project funds actually are expended for their intended purposes.

Financing most centralized activities through the general expense appropriation would (1) improve congressional control over all of the Corps' appropriations by requiring full justification and disclosure of expenditures and (2) eliminate the need for the extensive billings that have been made in the past.

Using the Corps of Engineers' billing system, it is extremely difficult to distinguish between services which directly benefit projects and those which do not. In addition, the Corps apparently has inappropriately combined the concept of fund transfers with the principles of cost accounting. The Corps should develop an equitable method that provides for each project to bear its fair share of costs.

Recently, the Corps of Engineers used at least \$76.7 million specifically appropriated for water resources projects to supplement its general expense appropriation established to finance the cost of centralized headquarters and division activities. The manner in which this was done prevented disclosure and reduced congressional control over all of the Corps' civil appropriations. As a result, the Congress was not fully advised that funds appropriated for specific project purposes were not being used for the projects and that general expenses exceeded amounts appropriated.

From a cost accounting standpoint, the methods used to obtain the funds from project appropriations did not assure that the projects charged benefited from or were charged an equitable share of the costs.

The Congress generally provides about 20 separate appropriations to finance Corps activities. Most of these pertain to specific projects and related functions, such as the design and construction of navigation and flood control projects and are controlled at the district level. The general expense appropriation finances the general and administrative activities of Corps headquarters and division organizations.

The Corps' testimony on this appropriation in 1953 indicated that it was intended to finance all of these activities. It was justified on the grounds that it would give the Congress greater control over centralized functions. GAO believes that the practice of "tapping" project funds to supplement the general expense appropriation is not consistent with this original intent.

A revolving fund, centralizing the financing of common Corps services and facilities, is used to effect the transfer of funds from districts to supplement the general expense appropriation. Such a fund bills the districts to obtain reimbursement, up to the predetermined amounts, for expenditures made. Of the \$76.7 million billed during the 21-month period examined, Corps headquarters obtained at least \$14.7 million, and divisions obtained at least \$62 million using these techniques.

To achieve equitable cost accounting, improvement is needed in the methods used to distribute costs. For instance:

--In fiscal 1978 Corps headquarters billed 36 districts and 2 divisions for training costs totaling \$1.5 million. Only 18 districts and 2 divisions billed had personnel enrolled in the program. Participants also included employees from Corps headquarters, three additional divisions, and three laboratories. These organizations did not pay a share of the cost.

--In fiscal 1977 the Southwest division charged districts \$149,000 for a number of miscellaneous functions which division officials agreed should have been financed by the general expense appropriation. They stated that the billings were made because the general expense appropriation was not sufficient to pay for these activities.

AGENCY COMMENTS

The Corps disagreed with the GAO positions cited in this report. They cited several activities physically located at Corps headquarters and the division offices which provide specialized support directly to projects. They expressed strong opposition to having such activities financed by the general expense appropriation.

GAO agrees with the Corps' position that these organizations, where clearly identifiable, could continue to be financed directly from projects. In such cases where it is clearly demonstrated that these organizations directly support projects, the Congress may wish to consider funding them through project billings.

Also, the Corps does not believe that congressional control over appropriations is weakened by its present method of distributing administrative costs. In addition, Corps officials disagreed that a change to the Corps' accounting methods is necessary, because the benefits would not be commensurate with the cost of such a change.

GAO believes, however, that the magnitude and scope of centralized activities cannot be effectively monitored by the Congress if these activities are partially financed with project funds. The necessary changes to the cost accounting methods can be accomplished through the existing accounting system with little additional cost.

RECOMMENDATIONS

The Congress should require the Corps to fund its centralized functions, whenever possible, through the general expense appropriation which is justified for that purpose. ~~The Congress should allow the~~ Corps to continue using project funds for those headquarters and division activities that the Appropriations Committees decide to be more associated with project activities than with normal general administrative expenses.

Agency

The Secretary of the Army should direct the Chief of Engineers to establish appropriate procedures for the equitable distribution of the administrative costs to projects. This would help assure that the administrative costs distributed to the districts and projects are commensurate with the benefits they receive.

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CHAPTER 1

INTRODUCTION

We undertook this review because the Public Works Subcommittee, House Committee on Appropriations, expressed an interest in the Corps' practice of using funds appropriated for projects to pay expenses incurred by the Office of the Chief of Engineers and the offices of the division engineers. Because a response was desired by January 31, 1979, we focused our efforts on determining the magnitude of the transactions involved and the Corps' reasons for adopting the practice.

CORPS OF ENGINEERS ORGANIZATION

The Corps of Engineers is a decentralized organization with primary responsibility for the design, construction, and maintenance of water resource projects, such as navigation and flood control. These activities are delegated to 36 district offices throughout the continental United States. District activities are supervised by nine division offices, and overall policy guidance is provided by the Office of the Chief of Engineers.

The Congress uses about 20 separate appropriations to finance Corps activities. In most of these, the Congress provides for funding to be specifically applied to projects and related functions administered by the districts. The Congress uses a separate general expense appropriation to finance centralized headquarters and division activities which are generally administrative. These funds are allocated among the Office of the Chief of Engineers and the division offices. With the exception of the Ohio River division, where a centralized accounting system has been established, the districts are responsible for maintaining the Corps' accounting systems and financial controls, including those applicable to the headquarters and division offices. The accounting system design was approved by the Comptroller General in July 1977.

USE OF THE GENERAL EXPENSE APPROPRIATION AND REVOLVING FUND

In the Civil Functions Appropriation Act of 1954 (Public Law 83-153, July 27, 1953, Ch. 245, 67 Stat. 197), the Congress appropriated about \$9.7 million for general expenses of the Corps of Engineers. This appropriation was established to finance the general administrative and related

functions of the Office of the Chief of Engineers, the offices of the division engineers, and other Corps activities. In hearings before the House and Senate Committees on Appropriations in 1953, Corps officials indicated that the appropriation was intended to finance all of these activities, and they justified it on the grounds that it would provide the Congress a mechanism for exercising better control over the Corps' administrative costs. By fiscal 1978 this appropriation had grown to \$56.8 million.

The 1954 act also established a revolving fund to centralize the financing of common services and facilities used in performing Corps activities. These costs are initially financed by the revolving fund and later are repaid from the Corps' civil and military appropriations and by other Government agencies.

The Office of the Chief of Engineers and the divisions use this revolving fund system to supplement the general expense appropriation with funds from the specific project appropriations. The costs of centralized functions are initially paid by the revolving fund and then districts are billed to reimburse the fund. At least \$76.7 million was transferred in this way during fiscal 1977 and the first 9 months of fiscal 1978. The following table relates these transactions to the general expense appropriation and to total Corps civil appropriations in fiscal 1977 and 1978:

Fiscal <u>year</u>	Total Corps civil appro- <u>priations</u>	Total Corps general expense <u>appropriations</u>	Total reported as billed to districts (note a)
	-----(millions)-----		
1977	\$2,471.1	\$49.1	\$43.1
1978	2,621.8	56.8	b/ 33.6

a/Combined Office of the Chief of Engineers and division billings.

b/Office of the Chief of Engineers billings covered the period ending June 30, 1978; division billings covered the period ending May 31, 1978.

CHAPTER 2

THE OFFICE OF THE CHIEF OF ENGINEERS

USED DISTRICT PROJECT FUNDS TO

SUPPLEMENT THE GENERAL EXPENSE APPROPRIATION

During fiscal 1977 and the first 9 months of fiscal 1978, the Office of the Chief of Engineers billed districts for at least \$14.7 million to finance a variety of centralized headquarters activities. The funds received from the billings, in essence, supplemented the Corps' general expense appropriation which is provided to finance the Office of the Chief of Engineers as shown below:

	<u>Fiscal 1977</u>	<u>Fiscal 1978</u>	<u>Totals</u>
	-----(millions)-----		
General expense appropriation	\$20.5	\$23.1	\$43.6
Billings to districts	9.0	a/ 5.7	14.7

a/Through June 30, 1978.

The billings financed such headquarters activities as the personnel costs of the Office of Administrative Services; education and training programs; preparation of pamphlets, booklets, films, and audiovisual presentations; and activities associated with the bicentennial celebration.

THE BILLING PROCESS

The Corps' process for billing projects begins when budget submissions for the projects and requests for the general expense appropriation are prepared. The Deputy Chief of Engineers convenes a program budget review committee which examines overall requirements of the Office of the Chief of Engineers and determines which activities are to be included in the general expense appropriation request and which are to be funded by project funds allocated to districts.

Through fiscal 1977, the Corps headquarters budgeted district support for 38 centralized activities ranging in amounts from \$10,000 to \$2.4 million. The fiscal 1978 budget required district support for 44 centralized activities ranging from \$12,000 to \$2 million.

During the planning process as well as after the appropriations are approved by the Congress, Corps officials decide on the amount to be billed to projects and develop a series of ratios based upon the amount of money budgeted for each district. Accounting services for billings are provided by the Baltimore District. This district pays headquarters expenses from its revolving fund and then bills the other districts for reimbursement based upon the ratios. The other districts, in turn, distribute the costs to the projects.

Corps officials stated that the Corps instituted the billing system because the districts benefit from the services provided by Corps headquarters and, therefore, should be required to pay for them. They added, however, that neither the Congress nor the Corps have specifically defined the types of costs to be funded with the general expense appropriation. Thus, the decision of whether to bill districts for any particular activity has always been subject to a great deal of interpretation. The chief of the resource management office and his deputy for financial activities said that district billings provide a quick and responsive vehicle for funding nonbudgeted headquarters items that come up during the year and cannot wait for the general expense budget process. In short, they provide a ready source of funds for headquarters reimbursement.

One official said that generally accepted cost accounting principles require that projects bear their full share of cost. He said the billing system was established to meet this requirement.

The Corps has apparently considered fund transfers necessary for proper distribution of costs by its accounting system. We believe that the Corps should modify its cost accounting practices to ensure that, when appropriate, charges to projects are equitable.

The following example shows how the billing concept is applied within Corps headquarters. In fiscal 1978, Corps headquarters billed an estimated \$1.5 million, representing the cost of long-term training programs, to 38 subordinate units, including the 36 districts and the New England and Pacific Ocean divisions. However, only 18 of the districts and the two divisions that were billed had employees enrolled in the programs. Participants also included employees from Corps headquarters, three other divisions, and three laboratories, none of which shared a portion of the cost. Corps headquarters officials said they could have billed only those organizations benefiting from the training, but the costs

were prorated because some of the units involved may not have had enough funds to underwrite their equitable share of the programs.

The methods used to obtain district funds, coupled with the questionable justification for the practice, make it doubtful that appropriations are used only for the purposes the Congress originally intended or that projects are bearing an equitable share of the Corps' costs.

ARMY AUDIT AGENCY QUESTIONED
BILLINGS TO DISTRICTS

In August 1977 the Army Audit Agency reported that about \$31 million of the Corps' headquarters expenses were prorated and billed to districts during the 6-year period that ended fiscal 1976. The report concluded that since the Congress had authorized the general expense appropriation and others, such as the operation and maintenance appropriation of the Army, to cover headquarters administrative costs, the district billings should not have been made.

The Corps officials initially disagreed with the Army Audit Agency findings. They stated that although they had stopped billing for headquarters items worth about \$2.1 million, they would, according to Corps policy, continue to charge project accounts for the total cost of services rendered to them, including the cost of centralized functions.

In September 1977 the Department of the Army's Inspector General instructed Corps headquarters to reconsider this position before submitting an official command reply to the report. The official headquarters command reply agreed with the report. It stated that "action will be taken to phase out the billing of OCE [Office of the Chief of Engineers] general administrative costs to the Districts and Divisions." Recently, one official stated that although some costs are now included in the general expense appropriation requests, Corps headquarters is still billing districts large amounts.

The Corps' fiscal 1979 general expense appropriation request includes \$1.4 million for headquarters activities that had been billed to the districts in prior years. This action represents an attempt to comply with the report. Corps headquarters still plans, however, to bill districts an additional \$7.7 million during the current fiscal year. The deputy chief of engineers told us that he plans to stop billing districts for some of the items comprising the \$7.7 million and include them in the general expense appropriation

request in fiscal 1980. The Corps' informal comments stated that these changes will total about \$2.7 million.

The billing system was also questioned by the Inspector General in his fiscal 1978 inspection report. This report concluded that distributing costs in this way may violate provisions of the Civil Works Appropriations Act. An official of the Inspector General's office stated that the issue has not yet been resolved to their satisfaction. They were unable to verify whether headquarters had fully complied because the Inspector General's office cannot precisely define the types of functions which should be funded through the general expense appropriation.

CHAPTER 3

DIVISIONS ALSO USED DISTRICT

PROJECT FUNDS TO HELP FINANCE CENTRALIZED ACTIVITIES

Nine of the divisions we reviewed billed districts for the cost of centralized activities. The other two divisions did not have districts. During fiscal 1977 and the first 9 months of fiscal 1978, the nine divisions obtained at least \$62 million from their districts. These funds financed a variety of centralized activities and were in addition to the divisions' share of the general expense appropriation as shown below:

	<u>Fiscal 1977</u>	<u>Fiscal 1978</u>	<u>Total</u>
	-----(millions)-----		
General expense appropriation	\$28.6	\$33.7	\$62.3
Division billings to districts	34.1	a/ 27.9	62.0

a/To May 31, 1978.

The funds received from the billings financed such activities as automatic data processing, internal review and audit, engineering and laboratory services, and expenses of operating three divisions' aircraft.

DIVISION JUSTIFICATION
FOR BILLINGS TO DISTRICTS

The divisions determined the amount of funding to be obtained from districts during their annual review of budgetary requirements. At that time divisions determined which activities would be funded by the districts, and which would be funded by the general expense appropriation or by others. Division officials justified the billings to the districts on the grounds that the funds were used to pay for work done on their behalf and to make up shortfalls in the general expense appropriation budget. This process, as followed by the Lower Mississippi Valley division, is detailed below.

The division planned to bill its four districts a total of about \$7.2 million during fiscal 1978. These billings were to support 42 centralized division activities and ranged in amounts from \$9,000 to \$1.8 million. The division's

program budget advisory committee approved these amounts after review of the 1976 budget submission. The division then prorated the total amount among the four districts using a ratio based upon the amount of money requested for each district's projects. After notification from the division, each district distributed its share to individual projects and included the amounts in the fiscal 1978 budget requests. After the Congress approves the appropriations, project funds are reserved in accordance with the budget estimates unless the division directs changes be made due to appropriations adjustments or revised estimates.

CONTROL OVER APPROPRIATIONS FOR PROJECTS
IS WEAKENED BY USE OF THE REVOLVING FUND

The divisions obtained access to project funds through the Corps' revolving fund. This mechanism allowed the Corps to obscure the sources of division funding and therefore weaken control over project funds.

The Corps' accounting operations are performed by the district offices with the division headquarters offices obtaining their accounting services from a nearby district. The revolving fund in the servicing district pays the headquarters' expenses by charging the general expense appropriation or billing the districts based upon prior division instructions.

The districts, in turn, certify that the billed services were received, reimburse the revolving fund, and charge the billed amounts directly to projects or to the overhead account for eventual distribution to all the projects. The selection of which projects to charge is left to the discretion of district officials. According to one such official, no relationship existed between charges made to the projects by the divisions and benefits received.

LACK OF ACCOUNTING CONTROL OVER
BILLINGS TO DISTRICTS

During our review at the Lower Mississippi Valley division we tried to determine the actual cost billed to the districts to compare them to the estimated billings included in the budget and appropriation process. Although the availability of such information is provided for in the Corps' approved accounting system design, division officials could not readily identify this information. To do so they would have to manually analyze and trace transactions through numerous revolving fund accounts since the division was not

consistently using the billing accounts set aside in the approved system design. Billings were being made directly from several subsidiary accounts, and in these accounts we could not distinguish between billings to the districts and billings to other Federal agencies.

We do not believe that divisions can maintain adequate management control over appropriations if billings are not made from the subsidiary accounts set aside for that purpose or if the organization being billed cannot be readily identified.

EXAMPLES OF QUESTIONABLE DIVISION BILLINGS TO DISTRICTS

The Lower Mississippi Valley and Southwest divisions overbilled their districts by \$538,000 for the operations of two aircraft during a 20-month period ending May 31, 1978. An analysis of aircraft usage during that period showed that the districts in the Lower Mississippi Valley division used one aircraft 23 percent of the time but were charged over \$614,000, or about 73 percent of one aircraft's total operating costs. Districts in the Southwest division used the other aircraft 26 percent of the time but were charged \$198,000, or about 62 percent of that aircraft's total operating costs. The remaining usage was attributed to the divisions' headquarters and others.

The difference between usage and billings was explained by the divisions' policies of charging most of the fixed costs, such as salaries and utilities, to the districts--95 percent in the Lower Mississippi Valley division and 75 percent in the Southwest division--and charging users only for the variable costs, such as fuel and oil. In our opinion, this manner of distributing cost is not equitable because it places an unnecessary burden on district resources and unfairly relieves the divisions of their share of operation and maintenance costs.

A better distribution method would be one based upon utilization. By redistributing costs based upon available utilization data, a situation like the one described above where the two divisions overcharged the districts by about \$538,000, would not likely occur. Corps headquarters officials agreed with our conclusion and stated they would instruct the divisions to bill districts for aircraft costs based on actual use.

District funds were also obtained to pay for miscellaneous division activities. The Southwest division charged

its districts for the salaries of two sanitary engineers, a recreation area manager, and an ADP program coordinator, as well as for the costs of the Equal Employment Opportunity program. These expenses totaled over \$149,000 during fiscal 1977. According to Southwest division officials, these costs were directly related to the division and should have been funded by the general expense appropriation. However, due to insufficient funds in that account, they were not. The division included the above functions in its general expense appropriation budget request in fiscal 1978, thereby eliminating similar billings to the districts in the future.

As another example of the use of project funds for non-project purposes, divisions maintained resident audit staffs in the districts to do cost and pricing audits on project contracts. While these staffs charged all their expenses to the districts, some activities, such as internal reviews, did not support projects; a situation which resulted in project appropriations being overcharged.

During the 20-month period ending May 31, 1978, the districts in the Southwest division were billed over \$558,000 for the services of the resident audit staffs and the audit staff in the division office, excluding the division chief of audit whose costs were charged to the general expense appropriation. We estimate that this figure is over \$225,000 more than the portion of audit effort considered to be in support of projects.

According to a Southwest division official, the audit staffs devoted more than half of their time (58.7 percent in fiscal 1977 and 60.9 percent in fiscal 1978) to what was considered project support for work, such as contract audits, directly relating to projects. The rest of their time was spent on internal reviews and other activities not in direct project support.

Although the Southwest division was used as an example, this is not a unique situation. The other divisions followed similar practices in distributing the costs of division audit services. In our opinion, the districts should be charged only for the audit effort deemed to be in direct support of projects. All other efforts should be considered a division cost properly funded by the general expense appropriation.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

It is difficult for agencies to budget and for the Congress to appropriate funds when they must distinguish between centralized functions which directly or indirectly benefit projects and those which have no relation to projects. As we have discussed, the Corps financed, through billings to districts, centralized services which either did not benefit projects or may have benefited them to varying degrees. The funds obtained in this manner supplemented the general expense appropriation which was originally intended to cover these services.

Corps headquarters officials stated that the purposes of the general expense appropriation had not been clearly defined in either the authorizing legislation or in the subsequent development of Corps policy addressing the methods to be used in financing headquarters and division activities. They also stated that obtaining funds from projects was easier than getting an increase to the general expense appropriation approved.

The practice of billing the costs of centralized functions to district project appropriations weakens congressional control over Corps activities. Control over appropriations is hindered by the use of the revolving fund to make transfers from the districts to the Office of the Chief of Engineers and the divisions. The system used does not include an adequate cost allocation approach to assure that payments made from the revolving fund are equitably distributed to the projects. As a result, the relationship between the appropriation charged and the expense incurred cannot be established.

We believe that the Congress could achieve greater control over the use of the Corps' appropriations if it used the general expense appropriation to fund the centralized functions of the Office of the Chief of Engineers and the divisions. This adjustment would not preclude the Corps from using its cost accounting system to effect an equitable distribution of costs for management purposes. Actual transfers of funds, however, would not have to be made.

AGENCY COMMENTS

We informally discussed this report with Corps officials. We told them that the manner in which the Corps obtained the project funds to finance centralized activities weakened

congressional control over all of the Corps' civil works appropriations. Additionally, we said that the method used did not provide an equitable distribution of costs to specific projects.

Corps officials cited several activities physically located at Corps headquarters and the division offices which provide specialized support directly to projects. They expressed strong opposition to having these activities financed by the general expense appropriation.

We agreed that such activities could continue to be financed directly from projects. In the cases where it is clearly demonstrated that these activities directly support projects, the Congress may wish to consider funding them through project billings. By requiring full justification and disclosure for such funding, congressional control over all the Corps' appropriations would be improved by eliminating the need for extensive billings, such as have been made in the past, and by helping preclude improper transfers between appropriations.

Corps officials also disagreed with our conclusion that congressional control over appropriations is weakened by the billing process since the accounting system provides the capability for an equitable distribution of costs.

We recognize that the Corps' accounting system design approved by us provides the capability for an equitable distribution of costs. However, the divisions were not consistently using the billing accounts set aside in the design, making an effective analysis of the actual billing compared with the appropriation impossible. We do believe, however, that the practice of using project funds to finance headquarters activities does weaken congressional control over both the size and scope of headquarters activities and the purposes for which project funds are actually being expended.

Corps officials further disagreed with our conclusion that the Corps' cost accounting methods should be changed to allocate administrative costs to projects without an actual transfer of funds. They stated that such a change would unduly complicate the accounting process and that the effort required would not be commensurate with the benefits received. We believe that the recognized system for distributing costs should still be used to provide full project costing but without fund transfers and can be accomplished through the existing accounting system. Although we did not determine

the costs to implement the change, we believe it can be accomplished with little additional cost.

RECOMMENDATIONS

We recommend that the Congress require the Corps to fund its centralized functions, whenever possible, through the general expense appropriation.

We also recommend continuing the present funding approach for those activities located at headquarters and division offices that the Appropriations Committees consider to be more closely associated with project activities than with normal general administrative expenses.

Finally, we recommend that the Secretary of the Army direct the Chief of Engineers to establish appropriate uniform procedures for distributing costs to projects. These procedures should be consistent with the accounting principles and standards approved by the Comptroller General on November 18, 1974, and should help assure that the costs distributed to the districts and projects are commensurate with the benefits they receive.

CHAPTER 5

SCOPE OF REVIEW

We made this review to measure the extent to which the Corps of Engineers has used funds appropriated for water resources projects to pay expenses incurred by the Office of the Chief of Engineers and the offices of the division engineers. We were primarily interested in determining whether congressional control over the Corps' general expense appropriation and specific project appropriations has been weakened by these transactions and whether the actual transfer of funds is an appropriate method of distributing costs to projects.

In the Corps' Lower Mississippi Valley and Southwest divisions we interviewed officials and examined accounting records and applicable policies and procedures. We also used a questionnaire and telephone interviews to obtain policy information and data on fund transfers from the following nine divisions:

New England	South Atlantic	Missouri River
Huntsville	North Central	North Pacific
North Atlantic	Ohio River	South Pacific

Finally, we obtained similar data and interviewed officials of the Office of the Chief of Engineers, Army Audit Agency, and of the Office of the Inspector General, Department of the Army.

Since our review indicated that the situation in the Lower Mississippi Valley and Southwest divisions was typical of billing activity Corps-wide, we did not analyze the financial data provided by the nine divisions listed above and by the Office of the Chief of Engineers.

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