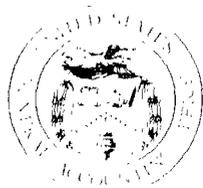




September 1990

# WATER RESOURCES

## The Corps of Engineers' Revised Review Process for Proposed Civil Works Projects



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**Resources, Community, and  
Economic Development Division**

B-239976

September 13, 1990

The Honorable Quentin Burdick  
Chairman, Committee on Environment  
and Public Works  
United States Senate

The Honorable Daniel Patrick Moynihan  
Chairman, Subcommittee on Water Resources,  
Transportation and Infrastructure  
Committee on Environment and Public Works  
United States Senate

The Honorable Glenn Anderson  
Chairman, Committee on Public Works  
and Transportation  
House of Representatives

The Honorable Henry J. Nowak  
Chairman, Subcommittee on Water Resources  
Committee on Public Works and Transportation  
House of Representatives

This is the first in a series of reports addressing the mandate in Section 44 of the Water Resources Development Act of 1988 that GAO review the management and administration of the U.S. Army Corps of Engineers' civil works program. This report describes recent changes to the Corps' review process for feasibility studies that the Corps uses to recommend congressional authorization for constructing proposed civil works water resource projects. This report also examines the Office of Management and Budget's (OMB) role in the review process under Executive Order No. 12322, as amended.

The Water Resources Development Act of 1986 made a major change in financing the Corps' water resource projects by generally requiring local sponsors to share in the cost of planning and constructing civil works projects. The 1986 act also directed the Corps to study and expedite its planning and constructing capabilities while complying with applicable law. In response to the act, the Corps revised its review process for feasibility reports on proposed projects to more efficiently review the proposals and thus be more responsive to local sponsors.

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## Results in Brief

Beginning in June 1988, the Corps changed its traditional method of sequential review and approval of feasibility reports on proposed projects by requiring issue resolution conferences (IRCs) that provide for early input by the Corps' field and Washington levels on the proposed projects and by conducting the detailed technical and policy reviews by the Washington-level review elements concurrently. Designed to considerably shorten the Corps' final reviews, these changes are supported by the newly established Washington Level Review Center (WLRC) which coordinates the concurrent review process. The new process did not eliminate any review levels but added the concurrent review steps early in the Washington process and mandated the IRCs. The changes were an attempt to meet an overall 6-month time frame goal for final decisions by the Washington-level review elements as opposed to the average of 3.7 years for the old process.

Because of the relatively short time the new process has been in effect, no projects had completed the process when we completed our field-work. For the first project reviewed under the new process, we determined that the IRC helped to familiarize the Washington-level review elements with the project and identified and resolved various issues early on. The detailed concurrent review at the Washington level raised certain technical and policy concerns and resolved them before the Washington-level review elements made their final decisions on the proposed project. The progress of the proposal did not meet the new goals for each step nor the final 30-day goal for the Assistant Secretary of the Army for Civil Works to review the feasibility report and submit it to the Congress following OMB's review. As of March 1990, the report had been with OMB for 6 months. The Corps' proposed fiscal year 1991 budget includes funds to complete the pre-construction engineering and design of the project.

Executive Order 12322 provides OMB with broad criteria and wide discretion to determine whether a proposed project should be forwarded to the Congress on the basis of technical, economic, environmental, and administration policy. For proposed projects received during a 3-year period ending in October 1989, mostly before the new procedures were implemented, OMB's review was performed within 30 days for only 4 of 25 reports. Of the 25 reports, 17 were sent to the Congress for authorization after OMB reviews ranging from 1 to 15 months. Six reports had been in review from 1 to 18 months, and 2 had been rejected. OMB said that the promptness of these reviews depends mostly on administration budget priorities and staff work load.

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## Background

The Corps' \$3 billion civil works program is the largest water resources development and management program of the federal government. The current program concentrates primarily on planning, constructing, and operating flood control and navigation projects that may also have water supply, recreation, and hydroelectric power benefits.

A proposed civil works construction project begins when a citizen or community identifies a water resource problem to the Congress which, in turn, refers it to the Corps. If the Corps' initial report of facts about the problem shows further study is warranted, the Congress may authorize and fund planning for the proposed project.

The first step in the planning process is a federally funded reconnaissance study that results in a preliminary determination that a federal project is a plausible solution given that it meets Corps criteria and there is a local sponsor. With a positive reconnaissance report and the local sponsor's agreement to pay 50 percent of estimated costs, the Corps then conducts a feasibility study to develop a specific solution to the problem and an environmental assessment of the proposed project. The feasibility study addresses the technical, economic, and environmental aspects of a water resource need and results in a feasibility report.

Each feasibility report on a proposed project is reviewed at key points as it proceeds through the planning process which culminates in the Assistant Secretary of the Army for Civil Works recommending to the Congress whether or not it should be authorized for construction. The organizational levels reviewing each proposed project are the Corps' districts and divisions, and at the Washington level—the Board of Engineers for Rivers and Harbors (Board), the Chief of Engineers, and the Assistant Secretary. After the Washington-level approval of the project and OMB's clearance, the Assistant Secretary recommends it to the Congress. (See app. I.)

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## Review Process Revised in Response to the 1986 Act

Spurred by the 1986 act that mandated cost sharing by local sponsors of water resource projects, the Assistant Secretary and the Chief of Engineers started initiatives to create a more efficient review process. The new process involves the Washington level early in the process and requires concurrent Washington-level reviews to avoid problems and delays when processing the final feasibility report. (See app. II.)

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The Chief of Engineers also established the WLRC in 1989 to participate in the IRCs, perform a detailed technical and policy review, and to coordinate the new concurrent review process established in 1988. Staffed by former employees of the Board, WLRC is comprised of engineering, economic, environmental, and other experts who participate in the IRC, perform a detailed review of each proposed project for the Washington-level review elements, and coordinate these levels—the Board, the Chief of Engineers, and the Assistant Secretary.

As already stated none of the seven projects in the process had been completely reviewed at the end of our field work. Two of the seven were under review by the Assistant Secretary, three were in the early stages of Washington-level review, and two were on hold for more information or coordination.

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### Early Input of Washington-Level Reviewers Through IRCs

Before the 1986 act, the Corps did not mandate an IRC on every proposed project, and the IRC, held at the discretion of the field or headquarters management, did not involve all Washington-level review elements. An IRC is now required to be held during the feasibility phase before the Corps' district and division offices approve the draft feasibility report for Washington-level review. According to the Corps, mandatory IRCs will accelerate the project development process by ensuring that the proposed project is acceptable to all levels as early as possible in the planning process.

The IRC is held in the field before the final feasibility report is prepared in order to provide the district with input from the Washington level on its concerns and problems with the proposed project. The IRC participants try to resolve the problems before the report is submitted for Washington-level review. One important change with the mandatory IRCs is the added input of the Assistant Secretary's staff, who can comment on whether the proposed project meets the technical and policy criteria of the administration.

For the Bayou La Batre, Alabama, proposed project, the first reviewed under the new procedures, the IRC resulted in guidance for the district to resolve several economic, technical, and policy issues before the proposed project reached the Washington level. For example, an issue raised was that a cost analysis of bulkhead replacements was lacking. The district later provided the analysis in the final feasibility report. (See app. III.)

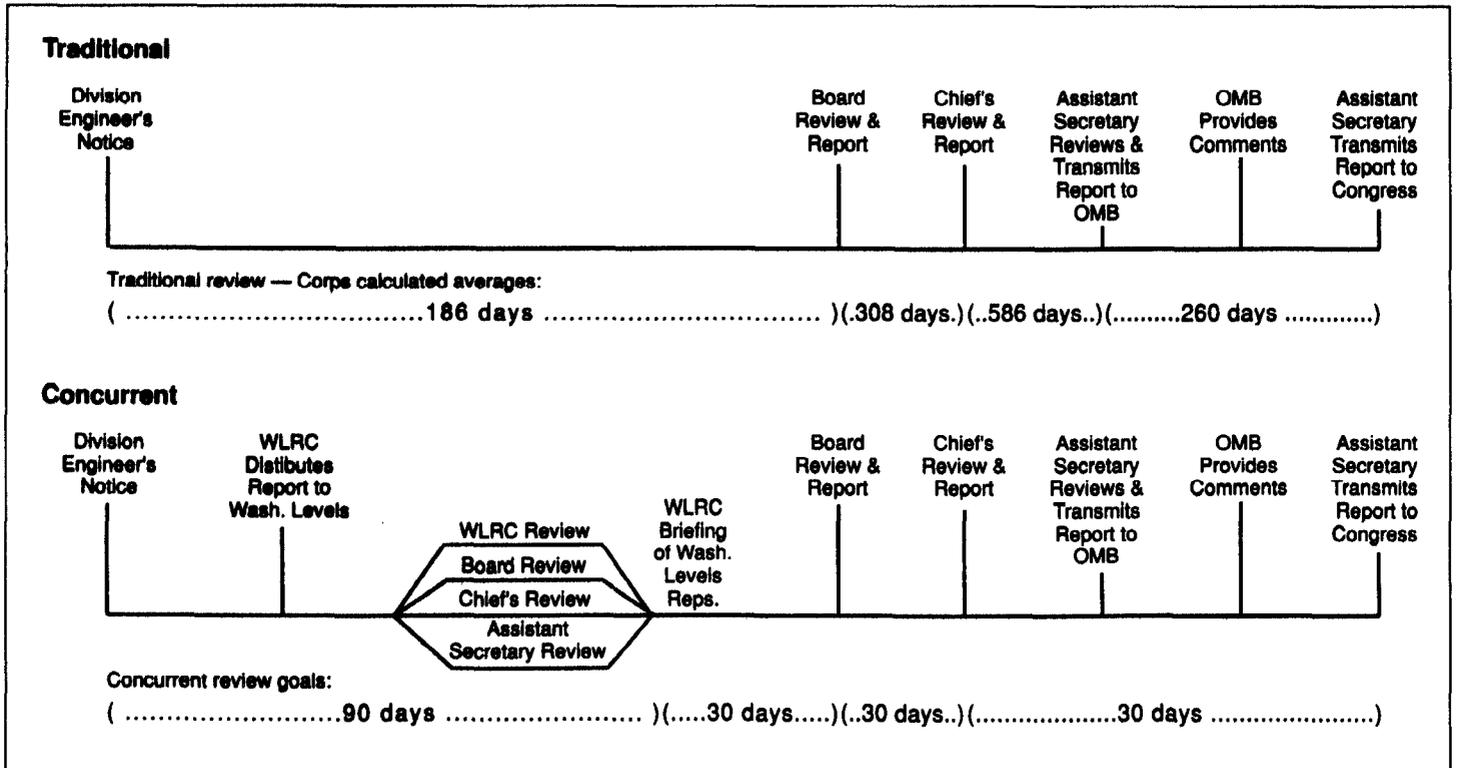
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## Concurrent Washington-Level Reviews

The Corps' prior review process required each level to review a proposed project before the proposal was forwarded to the next review level. To reduce the time consumed by this process, the Corps now requires a concurrent detailed review at the beginning of the Washington-level process to enable the Corps to meet its time frame goals for the consecutive final approvals.

The new review process adds two steps to the old: the concurrent Washington-level reviews and WLRC's briefing of the Washington-level representatives before they make final decisions on the project. The new process includes time frame goals for the various steps in the process and a 180-day goal for the entire review process, which starts with the division engineer's transmittal of the feasibility report for Washington-level review and ends with the Assistant Secretary's transmittal of the report to the Congress. In contrast to the 180-day goal, a 1988 Corps analysis of proposed projects that were processed under the traditional procedures calculated an average elapsed time of 3.7 years for the Washington-level reviews. Figure 1 compares the traditional levels of review with the new process.

Figure 1: Traditional vs. Concurrent Review of Feasibility Reports



The Corps followed the new process for the Bayou La Batre proposed project. During concurrent review of this proposal, observations from the WLRC's site field trip, additional data and analyses provided by the district to answer review comments on the magnitude of shipbuilding and fishing benefits, and data on the environmental impact of the project were considered. WLRC comments and other issues raised by the Washington-level review elements, except the local sponsorship issue, were resolved before the feasibility report on the proposed project was sent to the Board, the Chief of Engineers, and the Assistant Secretary for their final review and approval. Although this proposed project exceeded the Corps' review goals by 5 months when it was sent to the Assistant Secretary, it was a significant improvement on the past average time frame.

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## Executive Order Gives OMB Broad Review Authority

Executive Order 12322 provides OMB broad authority and criteria to determine for the administration whether a proposed project is a supportable candidate to include in the federal water resources development program on technical, economic, environmental, and policy bases. OMB's review occurs after the proposed project is reviewed by the Assistant Secretary but before the Assistant Secretary transmits the proposal to the Congress.

OMB's review may include technical aspects of the proposed project as well as fundamental policy considerations. The Chief of the OMB Water Resources Branch told us, for example, that the executive order allows OMB to make a fairly broad review to ensure that the proposed project complies with the administration's policies, programs, and published guidance. In addition to such criteria that the review levels use for project authorizations, OMB applies an additional set of stricter criteria when formulating the budget that aims to ensure that the projects generating the greatest economic return are given the highest priority. He said the extent of review each proposed project receives is not strictly defined but that the review stops when the staff is comfortable that the project is consistent with the administration's standards.

According to the OMB staff, the time between the Assistant Secretary's transmittal of a proposed project and OMB's response can be lengthy, but they emphasized that all feasibility reports submitted by the Corps are eventually reviewed. They said the promptness of this review depends on OMB staff work load and administration budget priorities. They said that OMB had not approved or committed to the 30-day goal for Assistant Secretary review that includes OMB's review and clearance. The OMB staff said it would be difficult to complete the review within 30 days as it often takes 30 days to get a question answered.

We analyzed the progress of 25 reports the Assistant Secretary sent to OMB between November 1986 and October 1989. Of the 25 reports, 17 were sent to the Congress for authorization after OMB reviews ranging from 1 to 15 months. Six reports had been in review from 1 to 18 months, and 2 had been rejected. During this 3-year period, mostly before the new procedures were implemented, OMB accomplished its review within 30 days in 4 of the 25 cases. The impact of this on the construction authorization process has been mitigated in some cases because the Congress has not waited for OMB's review and has included many project proposals in legislation authorizing construction. In fact, 10 of the 25 reports were authorized for construction before they were

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sent to OMB. In those cases, an OMB review is still conducted, but for another purpose, such as for inclusion in the President's budget.

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## Conclusions

The major goal of the Corps' new review procedures is to improve the timeliness of project proposals by requiring earlier involvement by the Washington levels. Because so few projects have been subjected to the new process, however, it is too early to judge how effective the process will be in meeting this goal.

An improved process should be the result. Because of the input of the Assistant Secretary's staff at the IRC, the administration's criteria on acceptable projects will be applied at a much earlier time than before, and projects not meeting the criteria will not proceed further. Further, the new process, if implemented properly, should shorten the review time within the Corps. For example, our case study showed that technical and other issues were resolved much earlier than would have been the case under the Corps' prior process, and this resolution helped the proposed project move more rapidly than under the old procedures through the final Washington-level approvals.

However, because OMB has wide discretion in its review of proposed water resource projects for the administration and is outside the Corps' or Assistant Secretary's control in terms of meeting the 30-day goal for review and transmittal of proposed projects to the Congress, it is questionable whether the Corps' goal will be met in most cases. Further improvement in expediting the submission of proposed projects to the Congress might be made if the Secretary of the Army and OMB could agree on a specific time frame, perhaps a more realistic goal than 30 days, for their review and comment.

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## Recommendation to the Secretary of the Army

The Secretary of the Army, through the Assistant Secretary of the Army for Civil Works, should work with the Director of OMB to establish a realistic time frame goal for the expedited review of feasibility reports on proposed water resource development projects to be transmitted to the Congress for construction authorization.

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## Agency Comments and Our Evaluation

The Department of Defense (DOD) agreed with our findings and recommendation. According to DOD, it will begin to provide OMB with key review documents from the Corps early on to alert it to the technical and policy issues involved before it receives the feasibility report. DOD

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also stated that it is working with OMB to reduce the average review time and will provide a progress report by April 1991. (See DOD's comments in app. V.)

OMB said that the procedures outlined by DOD should familiarize OMB personnel with the proposed projects and help them avoid raising technical issues already satisfactorily addressed. OMB also stated that eliminating the work on technical issues should accelerate the review time and increase the number of reports that OMB can process. However, OMB stated that because of competing priorities in OMB and its Natural Resources Division, it did not agree with the 30-day period for their review of feasibility reports and is reluctant to agree to any period. OMB also said that additional staff was not a priority.

While the new procedures established by DOD and OMB should help accelerate the process, we believe that they must work together to establish a more realistic time frame goal for the review of feasibility reports if the timeliness of the review process is to be further improved. (See OMB's comments and our evaluation in app. VI.)

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## Scope and Methodology

To document and compare the former and current review processes, we interviewed officials at Corps headquarters Directorate of Civil Works, the Corps Office of History, the Directorate of Resource Management, the Board, the WLRC, the Office of the Chief of Engineers, the South Atlantic Division in Atlanta, Georgia, and the Division's Mobile, Alabama, District Office. We obtained and analyzed documents, publications, internal and external studies, engineering rules and circulars, and reviewed files at each of these locations about the levels of review.

We also reviewed files in headquarters and field planning offices on ongoing studies of proposed projects to develop an understanding of the review process. We reviewed in detail how the Corps' new process was implemented for the first proposed project subjected to the new process—Bayou La Batre, Alabama, navigation improvement. We attended meetings of the Board and WLRC to gain insight into the new process. We also interviewed the staff of the Assistant Secretary and obtained documents on their organization and role in the review process.

To determine OMB's role in the review process, we interviewed officials in the Water Resources Branch of the OMB Natural Resources Division concerning their review of Corps proposed projects sent by the Assistant

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Secretary for approval. We also obtained data on their review criteria, authority, and status of reports under review.

We conducted our review from January 1989 through February 1990 in accordance with generally accepted government auditing standards.

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We are sending copies of this report to the appropriate Senate and House Committees, interested members of the Congress, the Secretaries of Defense and the Army; the Director of the Office of Management and Budget; and the Chief, U.S. Army Corps of Engineers. We will make copies available to others upon request.

This work was performed under the direction of James Duffus III, Director, Natural Resources Management Issues, who may be reached at (202) 275-7756. Major contributors to this report are listed in appendix VII.



J. Dexter Peach  
Assistant Comptroller General



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**Abbreviations**

DOD	Department of Defense
EPA	Environmental Protection Agency
GAO	General Accounting Office
IRC	issue resolution conference
OMB	Office of Management and Budget
WLRC	Washington Level Review Center

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# The Traditional Review Process

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Until 1988, the Corps' process of bringing a water resource development proposal to the point of being recommended to the Congress involved consecutive reviews by several entities within the Corps, by the Department of the Army, and by OMB. Because the reviews by levels above the Corps district office covered many aspects of a feasibility report on a proposed project, the reviews often overlapped as a proposal progressed through the levels. In addition, under the traditional process, the feasibility study on a proposed project could be underway for several years by Corps field offices and local officials before the Washington-level review elements reacted to it.

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## Background

A proposed civil works construction project begins with the identification of a water resource problem to the Congress by a citizen or community. If the facts that the Corps provides to the Congress warrant further study, the Congress may authorize and appropriate funding for planning the proposed project. The first step in the planning process is a federally funded reconnaissance study, which results in a preliminary determination whether or not a federal project is a plausible solution. With a positive reconnaissance report, and the local sponsor's agreement to pay 50 percent of the study's estimated costs, the Corps can prepare a feasibility study to develop a specific solution to the problem and an environmental assessment of the proposed project.

The Corps district's feasibility study addresses the technical, economic, and environmental aspects of a water resource need and results in a feasibility report on a potential project. As needed, the district held an optional issue resolution conference (IRC) on the draft report to get a consensus among the field levels on outstanding issues or problems.

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## The Levels of Review

The "levels of review" for projects proposed in feasibility reports refers to the following organizations, discussed in the order they traditionally reviewed a report.

- The District Engineer, who heads the principal planning and project implementation office of the Corps, begins the process. Each of 36 districts carries out Corps operations in specified geographic areas within divisions that are usually based on watershed boundaries.
- The 11 Corps Divisions supervise the districts within their area by reviewing and approving major plans and programs, implementing the Chief of Engineers' policies, and reviewing district operations.

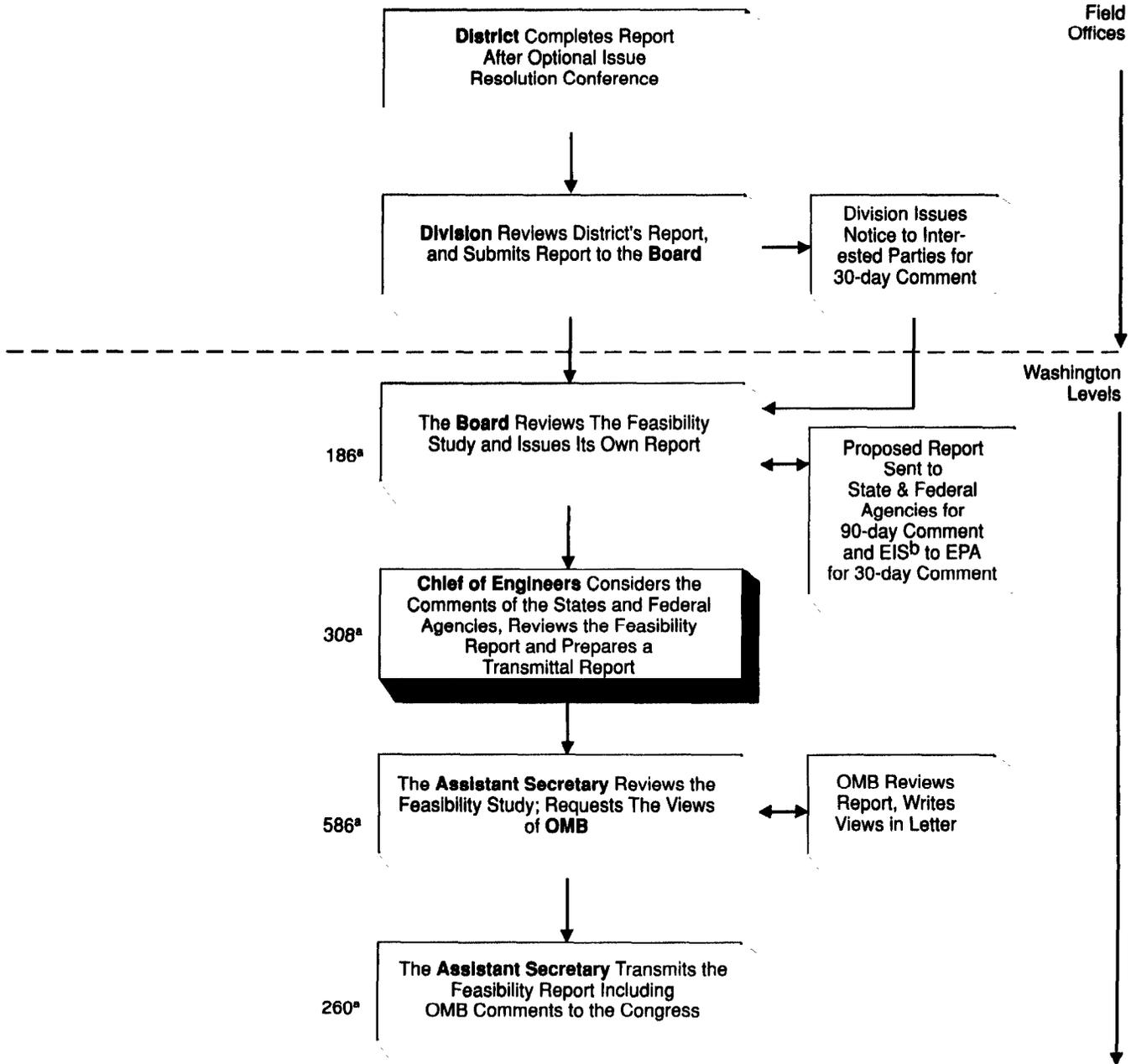
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- The Board of Engineers for Rivers and Harbors is a body, comprised of seven Corps engineer officers, appointed by the Chief of Engineers to conduct independent reviews of planning documents. The Board determines the advisability of authorizing the construction of water resource projects and makes recommendations to the Chief.
  - The Chief of Engineers is the U.S. Army officer that commands the Corps and reports to the Assistant Secretary of the Army for Civil Works.
  - The Assistant Secretary of the Army for Civil Works oversees for the Secretary of the Army all aspects of the civil works program implemented by the Corps of Engineers. This responsibility includes policy formulation and program direction for all water resources development, oversight of regulatory activities, review of legislation and other reports to the Congress, and review of the budget.
  - The OMB, part of the Executive Office of the President, reviews a proposed project recommended by the Assistant Secretary to determine its relationship to the program of the President.

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**A Sketch of the  
Traditional Review  
Process**

The pre-1988 review process was sequential with each review level conducting an independent analysis of a proposed project. Figure I.1 is a sketch of the traditional levels of review.

Figure I.1: The Corps of Engineers Traditional Review Process for Feasibility Reports



<sup>a</sup>Numbers indicate Corps-calculated average times in days for each step. The 4 steps total 3.7 years.

<sup>b</sup>Environmental Impact Statement.

The traditional review process began with the district's review. The district commander transmitted the feasibility report to the division for a coordinated review of the planning, engineering, economic, environmental, institutional, real estate, legal and policy aspects of the report. After determining that the proposed project met standards for these aspects, the division engineer issued a public notice announcing the transmittal of the feasibility report to the Board and the availability of the report for interested parties to review and comment to the Board within 30 days.

The Board staff conducted its detailed review for quality and consistency with federal standards in generally the same broad aspects as the division and presented its recommendation to the Board. The Board then transmitted the report and its recommendation to the Chief of Engineers as to the advisability of the Corps' participation in the project. Following Board review, the proposed report of the Chief of Engineers, the Board report, and the environmental impact statement were sent to the heads of other federal agencies and governors of affected states for comment within 90 days. At the same time, the environmental impact statement was also sent to the Environmental Protection Agency (EPA) and other interested parties for comments within 30 days from the date EPA publishes a notice that the final environmental impact statement was filed.

The Chief of Engineers considered the state and agency comments, the Board recommendation, and EPA and other comments received on the final environmental impact statement in preparing his report. Headquarters review of the report for the Chief focused on national consistency, adherence to policy, responsiveness to the comments, as well as on certain technical aspects of the recommended project. The Chief then acted on the recommendations and made a final transmittal report to the Secretary of the Army, in care of the Assistant Secretary.

The Chief's transmittal of the feasibility report was reviewed by the Assistant Secretary's staff for accordance with administration policy, guidelines, budget priorities, and certain technical aspects. The Assistant Secretary transmitted the report to OMB for comment. After OMB's concurrence, the Assistant Secretary transmitted a final recommendation to the Congress.

# The Corps' New Review Process

A 1988 Corps' estimate showed that the review process that existed prior to that time required an average of 3.7 years to review a feasibility report at the Washington level. Spurred by this statistic and the Water Resources Development Act of 1986<sup>1</sup> that mandated cost sharing by local sponsors of all water resource projects, the Assistant Secretary directed that this time be shortened to 180 days (6 months) to be more responsive to the local sponsors. The 1986 act also had required that the Corps study and expedite its planning and construction process. Towards these ends, the Assistant Secretary and the Chief of Engineers have established a new, more efficient review process that involves early participation by the various organizations at the Washington level and concurrent, rather than sequential, Washington-level detailed reviews. The Chief of Engineers also established the WLRC to participate in the IRCs, to perform a detailed technical and policy review, and to coordinate the new concurrent review process.

The new process did not eliminate any review levels but added the concurrent review steps early in the Washington process in an attempt to meet a 6-month time frame goal for final decisions by the Washington-level review elements.

## The 1986 Act Mandated Cost Sharing and Spurred Changes

With passage of the 1986 act, the Corps entered into a new era of project development because the act requires an increased commitment to shared responsibility for water resource development by mandating cost sharing by all local sponsors in planning and construction except for inland waterway navigation improvements. The 1986 act also included provisions that required the Corps to study and implement ways to expedite its planning and construction process.

The changes in the Corps' traditional approach to civil works projects addressed the fact that local sponsors would now have to share any cost and time inefficiencies in the planning and construction process. The traditional process has involved lengthy project review, approval, and funding procedures taking in some cases up to 25 years to progress from the start of planning through construction. In particular, the Washington-level portion of the process was considered redundant because many of the same aspects of a feasibility report were reviewed several times in a lengthy, deliberate process, according to the 1988 Corps task force study titled "Consolidating the Review Staffs of the Board of Engineers for Rivers and Harbors and the Chief of Engineers."

<sup>1</sup>Public Law 99-662, approved on November 17, 1986.

The Assistant Secretary wrote on January 4, 1988, that the new law drastically changes the way the Corps does business and that measures were needed to enhance handling of its workload. Among the changes in the process of reviewing proposed projects that he said should be implemented were

- early review by the Assistant Secretary of projects exceeding \$10 million in cost, prior to completion of the district engineer's feasibility report; and
- elimination of duplicate reviews of the same aspects of the project.

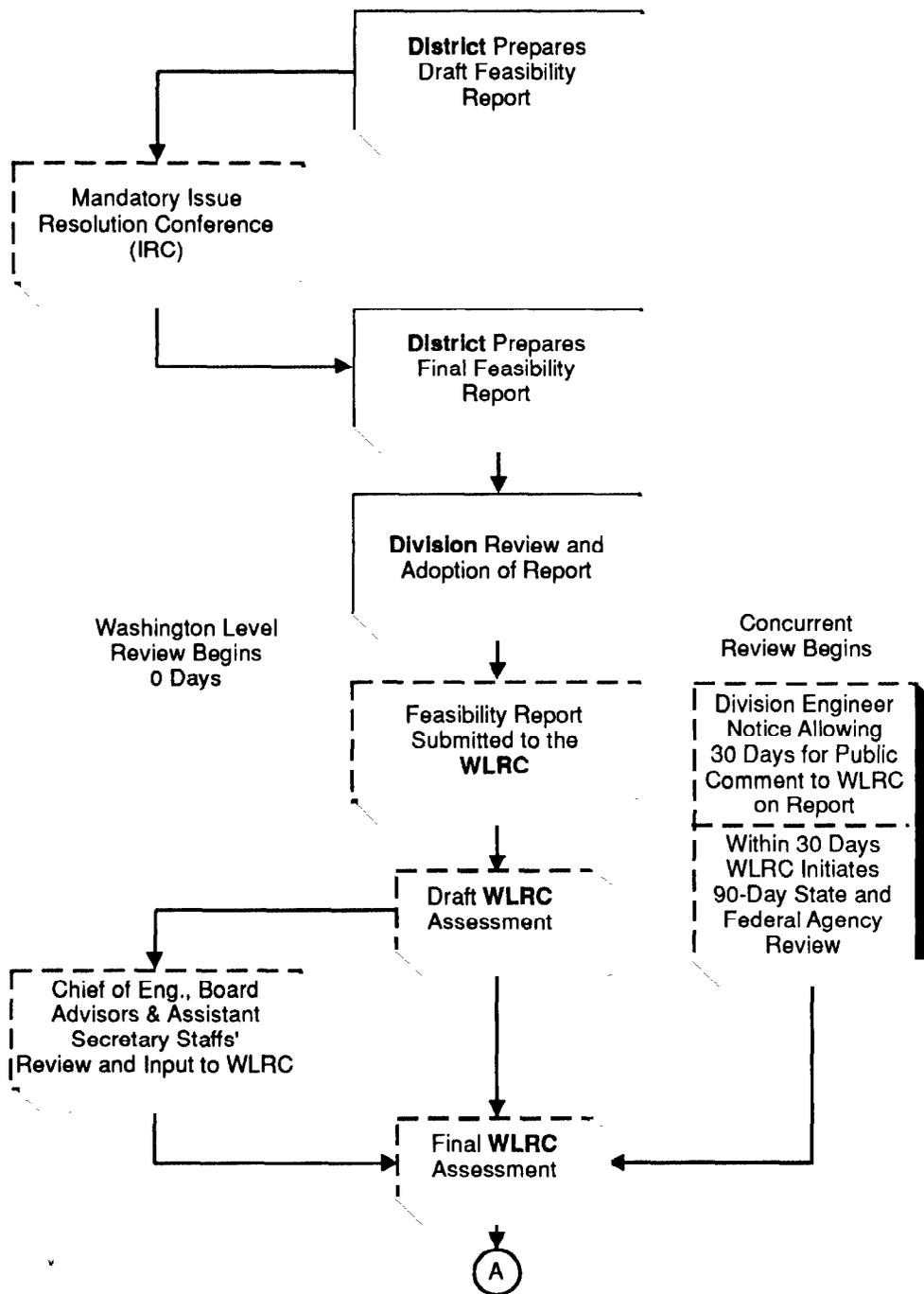
The Corps first responded to the 1986 act in March 1987, convening a panel that traveled around the country getting local sponsor and Corps staff input on project development as a partnership. Another task force reported on its study of the Washington-level review process in February 1988. These and other efforts in response to the 1986 act were brought together under the "Initiative '88" program by the Chief of Engineers. The program was to respond to the Assistant Secretary, who wanted to create a more effective and efficient model for developing and implementing water projects by building on the work of the Corps task forces and panels and drawing on private sector techniques such as project management, cost control, and construction productivity.

Generally, the major thrusts of the post-1986 act review process initiatives have been to

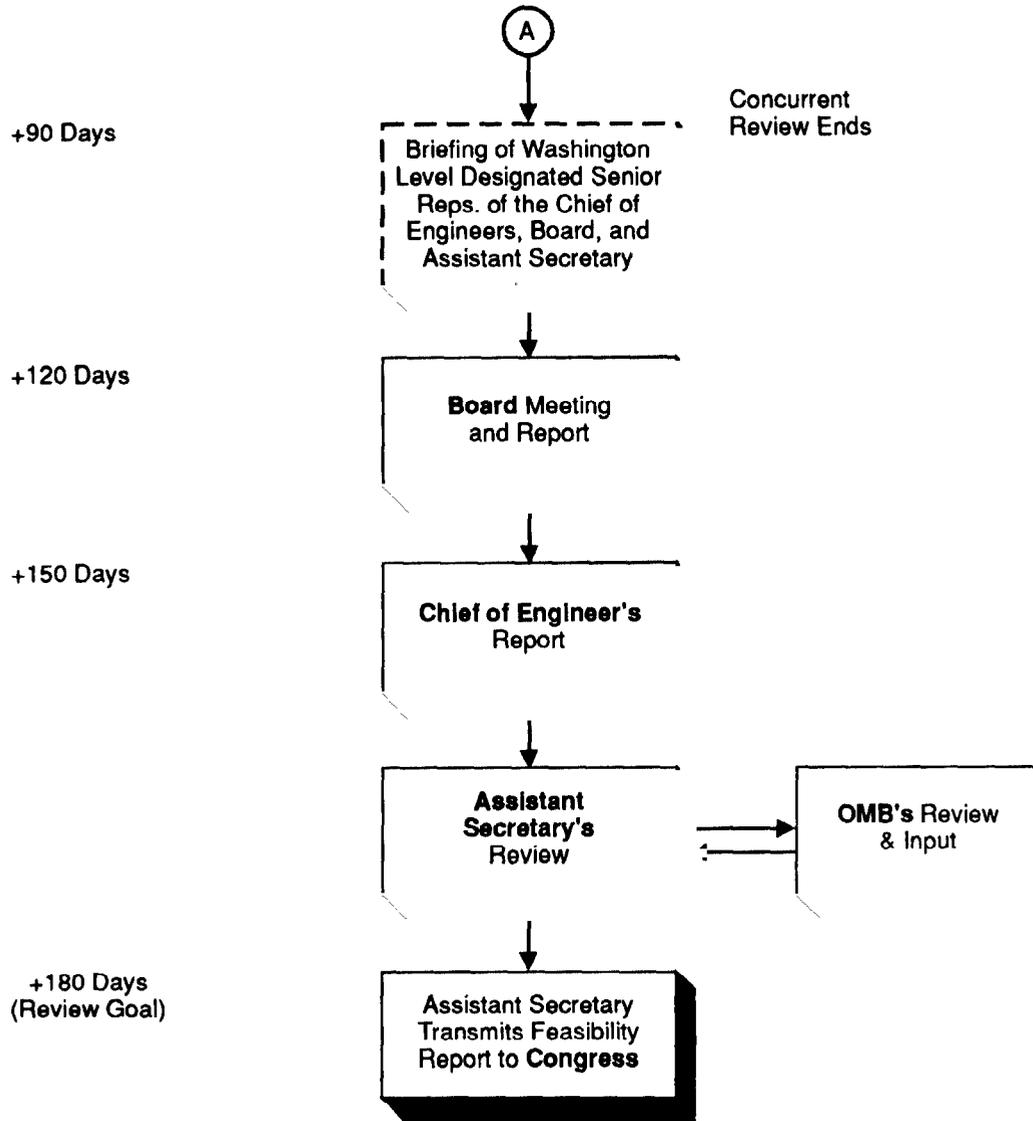
- involve the Washington level early in the planning process in order to avoid problems and delay when processing the final report and
- establish concurrent Washington-level reviews to increase the timeliness of the review process.

These changes are supported by the newly established WLRC which performs a detailed review and coordinates the concurrent review process. Figure II.1 graphically represents the new process. The steps outlined in broken lines indicate a revised review step, procedure, or time frame. The other steps are unchanged from the traditional process.

Figure II.1: The Corps of Engineers New Concurrent Review Process for Feasibility Reports



**Appendix II  
The Corps' New Review Process**



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## IRCs Involve Washington Level Early

Under the traditional process, the Corps division or headquarters units had the option of using checkpoint or issue conferences during the study to check progress or resolve issues on a project proposal. The IRC is a meeting held in the field before the final feasibility report is submitted for Washington-level review that provides the district with early input from the Washington-level review elements on concerns and problems with the study to that point. The participants try to reach a solution (resolution) for the problems that the district can incorporate in the study before a report is submitted for Washington-level review.

The Corps issued an engineering circular in June 1988 requiring an IRC to be attended by representatives from the office of the Assistant Secretary, the Chief of Engineers, the Board, and the new WLRC, as well as the division and district. The local sponsor is also encouraged to attend. The circular indicated that the procedures for early agency commitment are designed to (1) accelerate the project development process by getting assurance that the proposed project is acceptable to all levels as early as possible in the planning process by resolving significant issues or problems with the proposal before the Washington-level review<sup>2</sup> and (2) fulfill a commitment to the local sponsor to expeditiously process the feasibility report and submit the proposal for congressional authorization.

Limited experience exists to evaluate whether the mandatory IRCs had reduced the review time at the Washington level. Only seven proposed projects had been submitted for Washington-level review after undergoing an IRC and none had been submitted to the Congress as of a September 30, 1989, report from the WLRC.

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## Corps Views on IRCs

Corps headquarters and field civil works officials we interviewed in the planning and policy areas were generally positive but were reserving final opinions about the impact the IRCs will have on the progress of project proposals. Similarly, Mobile District and South Atlantic Division planning staff members told us that their experience with the Bayou La Batre, Alabama, proposed project indicated that the mandatory IRCs would save time during the Washington-level review process.

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<sup>2</sup>The district is required to record the results of the IRCs in a memorandum for the record. On the basis of their review of the memorandum for the record, Corps headquarters writes a guidance memorandum, coordinated with the Assistant Secretary, to the district office, to guide their completion of the final report.

Some of the officials acknowledged that the IRCs have lengthened the front-end of the review process and may need some fine tuning but should increase quality and timeliness in the long run. According to the former headquarters Planning Division Chief for example, the initial experience was that the time involved in documenting the IRCs and preparing the feasibility reports was taking much longer than expected as field and headquarters staff work out turf problems and adjusted to the new review staff organization and procedures. Two district planning officials, while positive about the mandatory IRCs, said they would be even more effective if held earlier during the feasibility study to minimize resources spent on a study that would not be approved at the Washington level. The study manager for the Bayou La Batre proposed project stated that the rigors of the IRC scrutiny of the proposal was a painful experience but he credited it with substantially strengthening the economic analysis of the study as well as addressing engineering and environmental concerns. He expected the IRC to increase the efficiency of the Washington-level reviews.

The IRC on the Bayou La Batre proposal resolved issues and familiarized the Washington-level review elements with the proposed project. Two or more issues were identified during the IRC for the district to address in each of the following areas: economic analysis, plan formulation, environmental, policy/cost sharing, and engineering/dredging. To satisfy each of the issues, the district either revised the draft report or developed additional information or analyses between the April 1988 IRC and district's submittal of the report to the division in September 1988.

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## The Concurrent Washington-Level Reviews

The February 1988 Task Force report titled "Consolidating the Washington Level Review of Feasibility Reports" found that the old system of review at the Washington level had contributed to the lengthy processing time in Washington. It identified such delay factors as the time needed to resolve issues and concerns, duplication of review by the Washington-level review elements, duplication of requests for information by various reviewers, conflict in workloads, and late start and completion of the 90-day state and agency review period.

The task force recommended consolidating the review process and requiring a simultaneous review coordinated by a centralized professional staff. The central staff function would be carried out by the Board staff. Such a consolidated process would retain the independent prerogatives of each Washington-level review element, however.

In June 1988 the Chief of Engineers issued an engineering circular that formalized the new concurrent project review and approval procedures. The circular prescribed procedures for the submittal and the concurrent Washington-level review and processing of feasibility reports on proposed projects. The circular stated that the central staff would coordinate and consolidate the Washington-level reviews, as well as review the proposal to make an assessment for the decision-makers.

After the Washington-level reviews are performed concurrently, the WLRC briefs the senior representatives of the Board, Chief of Engineers, and the Assistant Secretary simultaneously on the results of the reviews. Following the briefing, each Washington-level review element decides whether to approve the proposal. The expectation is that because the staffs of the Washington-level review elements had worked out problems and concerns at an earlier time, the proposal would be acted on quickly.

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## Review Staff Reorganization

In January 1988 the Chief of Engineers reported that 36 separate aspects of a project proposal in the areas of planning, engineering, economic, environmental, social/institutional, real estate, legal, and policy received more than one review considering both the division and Washington-level review elements. The January 1988 report's proposals to address duplication at the Washington level were to create a central reviewing and coordinating unit and obtain concurrent review of its results. The report proposed to allow each Washington-level review element to act on the proposed projects independently within 30 days and in the traditional sequence after they were briefed by the coordinating unit.

Another Corps task force—the “Review Staff Consolidation Study Group”—produced a July 1988 report to respond to the Assistant Secretary's request for recommendations on consolidating the Board and headquarters review staffs to support both groups. The report's recommendation was generally adopted by the Chief of Engineers with the consent of the Assistant Secretary in December 1988 to designate the existing Board staff, except for four advisors, as the new WLRC unit of the Water Resources Support Center, which reports to the Chief of Engineers. The WLRC absorbed planning and policy detailed review functions from headquarters and became the central office for all Washington-level reviews. The independence of the Board is preserved by retaining the four advisors to participate in the review process to develop recommended actions for the Board.

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Two goals of the reorganization were to reduce the duplication of reviews by the former Board staff and the Corps headquarters staff and to consolidate the review staffs of the Board and the Chief of Engineers so that one staff would support both as well as the concurrent review process.

The mandatory IRC and the concurrent review process attempted to address the sequential review process which required that each review level conduct an independent analysis of the same facts. This process was duplicative because many of the same aspects of a proposal were independently reviewed several times as it moved from the district office through the review chain.

The Corps followed the new process for the Bayou La Batre proposed project. During concurrent review of this proposal, observations from the WLRC's site field trip, additional data and analysis provided by the district to answer review comments on the magnitude of shipbuilding and fishing benefits, and data on environmental impact of the project were considered. WLRC review comments and other technical and policy concerns raised by the Washington level, excepting the local sponsorship issue, were resolved before the feasibility report on the proposed project was sent to the Board, the Chief of Engineers, and the Assistant Secretary for their final review and approval. Although the first proposed project processed did not meet the Corps' goals for completion of concurrent review in 90 days or each Washington-level approval within 30 days, it did improve on the past average time frames up to the point the Assistant Secretary transmitted it to OMB. It took 12 months to that point versus an average of 36 months, according to the Corps' 1988 estimate.

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## Corps Views on the Concurrent Reviews

Planning division officials we interviewed at Corps headquarters, division, and district offices were generally positive about the impact of the new procedures on the processing of proposed projects. Most were cautious, however, because there had been little or no experience with the new concurrent review procedures or WLRC during our work in that no proposal had gone through the WLRC and all the levels of review at that point.

As of September 30, 1989, seven feasibility reports had been submitted to the WLRC and two of these had completed concurrent review and progressed as far as final review by the Assistant Secretary. The two proposals that had been sent to the Assistant Secretary had exceeded the 5-month target time frame for progress to that point by about 4 and

2 months. The progress of two others through the Washington-level reviews was delayed because of requests by the Chief of Engineers or the WLRC for more information and coordination. The three other reports were in the early stages of assessment by the WLRC staff and concurrent review by the Washington level. According to the former headquarters Civil Works Planning Division Chief, the limited initial experience with the new concurrent review process was that target time frames had been significantly exceeded, but fine tuning of the process may improve this. At the South Atlantic Division and Mobile District, Planning Division and Project Management officials we visited were generally positive about the impact of the new concurrent review process on the basis of their experience with the first proposal through it.

# Case Study of the Proposed Bayou La Batre, Alabama, Project

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To understand how the Corps implemented its new procedures for Washington-level reviews, we reviewed the first proposed project subjected to the new process—the Bayou La Batre, Alabama, navigation improvement. For this project, we determined that the IRC helped to familiarize the Washington-level review elements with the project and identified and resolved various issues early in the process. The detailed concurrent review at the Washington level raised certain technical and policy concerns and resolved them before the various Washington-level reviewers were to make their final decisions on the proposed project. However, the Corps' 30-day goal for the Assistant Secretary to review the proposal and submit the report to the Congress after OMB's input was not met. The report had been under OMB review for 6 months as of March 1990.

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## Background

The Bayou La Batre feasibility study of proposed navigation improvements was conducted under the authority of the House Committee on Public Works resolution adopted October 10, 1974, and was funded and begun in 1986. The study's objective was to investigate the potential for deepening, widening, and extending the federal channel at the city of Bayou La Batre, Alabama, located on the Gulf of Mexico about 30 miles southwest of Mobile. The channel serves the two major industries and employers in the area—commercial fishing and boat building firms. The geographic area of the study included the existing bayou and channel as well as the adjacent Mississippi Sound and the Gulf. The feasibility report estimated that the total cost of the proposed project would be more than \$15 million in October 1988 dollars.

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## Review Chronology

The Bayou La Batre's proposal was the first Corps project processed under the new procedures. A chronology of events as the Bayou La Batre's proposal advanced through the process follows.

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## The IRC Process

- April 21-22, 1988 - The IRC was held in the Corps Mobile District and was attended by various district, division, Board, and HQ personnel along with state, county, and city officials and representatives of seafood and boat building companies. Under the new process, the IRC is to provide the district with early input from the Washington level on concerns and problems with the study to that point. Specifically, for the Bayou La Batre the IRC was held for three purposes: (1) to involve Washington-level review elements in the feasibility study before releasing the draft report, (2) to identify and resolve major issues and concerns

before releasing a draft report to the public, and (3) to help establish the scope of the involvement by Washington level in future IRCs. During the meeting two or more issues under each of the following topics were identified: economic analysis, plan formulation, environmental, policy/cost sharing, and engineering or dredging.

- May 3, 1988 - To follow up on the IRC, the Mobile District drafted a memorandum on the various issues identified during the conference. To resolve the issues, the Mobile District proposed either to revise the draft report or to develop additional information or analyses. For example, under the plan formulation topic, the conferees said that a cost analysis of bulkhead replacements was needed. The Mobile District responded that such an analysis would be contained in the feasibility report at the next step in the process.
- May 5, 1988 - The district's draft memorandum listing IRC issues was sent to the South Atlantic Division which forwarded it to Corps headquarters Planning Division.
- July 8, 1988 - The Chief of Engineer's Planning Division Chief responded to the district's memorandum stating that he accepted many of the issues as listed and made some slight modifications in others.
- September 7, 1988 - To respond to questions about local sponsorship raised at the IRC, the city of Bayou La Batre submitted a letter to the district stating the city's intent to sponsor the project and do what it could to provide, within its capability, the financial and other assistance required to successfully complete the project. The District Engineer, the Assistant Secretary, and the Board review team did not consider the letter as sufficient commitment to sponsor the project because the city was still seeking state financing. Consequently, the local sponsor issue remained unresolved despite the IRC effort. The IRC did resolve many other economic, technical, and policy issues before the proposal reached the Washington level.
- September 12, 1988 - The district forwarded the revised feasibility report and environmental impact statement to the Division after incorporating the headquarter's response to the district's memorandum on the IRC and the public comments obtained in January 1986 and August 1988 hearings into the final report.

In summary, the Corps followed the new procedures for mandatory IRCs. Issues that could have caused delays were raised, documented, and resolved by the time the WLRC was ready to brief the Washington-level review elements on its final assessment.

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## The Concurrent Review Process

- September 30, 1988 - After reviewing the district's feasibility report, the Division Engineer issued a public notice to interested parties that the proposal was available for comment and transmitted the report for the Washington-level review. Upon receipt of the report, the Board staff (shortly thereafter reorganized as the WLRC) transmitted copies to the Assistant Secretary, Chief of Engineers, and the Board for their concurrent review and comment. The report was also sent out by the Board staff for the 90-day review by states and other federal agencies.
- January 9-13, 1989 - As part of their detailed review, the new WLRC visited the Bayou La Batre project site to obtain information from the field staff and resolve review comments. The WLRC conducted meetings with the local sponsor and the Mobile District during this visit.
- February 24, 1989 - The WLRC transmitted its final assessment of the proposed project to the division engineer. The document (1) consolidated the report review comments from the Washington level; (2) reflected the observations and conclusions from the WLRC's site trip that included a meeting with the local sponsor and field office staff; and (3) identified additional data and analyses required from the district office on such issues as the magnitude of shipbuilding, fishing, and other benefits of the project, as well as environmental impact and mitigation. The assessment also enumerated the disposition of issues from the IRC. The WLRC cited the lack of a willing and able local sponsor as the primary unresolved issue and said it would not support favorable processing of the report at the briefing if this was not corrected.
- May 11, 1989 - The WLRC acting director transmitted the final assessment and the field's response to the senior representatives of the Washington level in preparation for briefing them later in the month. The transmittal stated that the district and division responses satisfied all the concerns raised in the IRC memorandum, the WLRC field visit, and in the final assessment, with the exception that the WLRC did not receive a satisfactory response on the local sponsor issue. The WLRC staff did not believe that the city of Bayou La Batre had the financial capability to sponsor the project and wanted the state of Alabama's confirmation of intent to serve as the local sponsor.
- May 26, 1989 - The WLRC briefed the senior representatives of the Board, Corps Headquarters, and the Assistant Secretary on the Bayou La Batre study to initiate the final decision-making process. The local cost-sharing arrangements for the project generated extensive discussion among the participants. The WLRC review manager recommended that the project not be sent to the Congress until the local sponsor's commitment had been adequately demonstrated.

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In summary, the concurrent review process that concluded with the briefing of the senior representatives had resolved many issues before the proposal was sent to the Board, the Chief of Engineers, and the Assistant Secretary for their final approval. Although the proposed project did not meet the 90-day goal for the concurrent review procedure or the 30-day goals for Washington-level approvals, it did make steady progress throughout the process, improving on average time frames under the traditional process up to the point it was sent to OMB. It took 12 months to that point versus an average of 36 months, according to the Corps' 1988 estimate.

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### **Final Approval Process**

- June 13, 1989 - The Board's advisors briefed them on the proposed project and discussed the local sponsor issue. The advisors recommended that the project be approved with the condition that the local sponsor provide evidence of their ability to meet their financial responsibilities for the project. The Board considered the recommendation but, on the basis of their interpretation of the existing cost-sharing commitment, voted unanimously to accept the city's letter of intent as adequate evidence of their commitment.
- June 16, 1989 - The Board sent its recommendation to the Chief of Engineers that the project be constructed generally in accordance with the district engineer's feasibility study plan.
- August 3, 1989 - The Chief of Engineers recommended the project to the Secretary of the Army. The Chief concurred with the Board that the project be authorized generally in accordance with the district engineer's recommended plan.
- September 27, 1989 - The Assistant Secretary forwarded the Bayou La Batre feasibility report to OMB recommending that the report be sent to the Congress for construction authorization. As of March 1990, OMB had not responded, according to the Assistant Secretary's deputy.

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# OMB's Review of Feasibility Reports on Proposed Projects

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Before feasibility reports on proposed projects are sent to the Congress for construction authorization, they are reviewed by OMB for consistency with the policies and programs of the President and with federal guidelines for water resource projects. OMB's views on a proposed project are reported in the Secretary of the Army's transmittal to the Congress. Executive Order 12322<sup>1</sup> gives OMB a key review role on behalf of the administration.

The executive order provides OMB with broad criteria and wide discretion to determine whether a proposed project should be forwarded to the Congress on the basis of technical, economic, environmental, and administration policy. The Corps' 30-day goal for the Assistant Secretary of the Army to review a proposed project and submit it to the Congress following OMB's review has not been met often. During a 3-year period ending in October 1989 OMB's review was performed within 30 days in only 4 of 25 cases.

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## Executive Order Gives OMB Broad Authority

Executive Order 12322 provides OMB with broad authority and criteria for its water resources branch under the Deputy Associate Director for Natural Resources to review all proposed projects to be sent to the Congress for authorization or appropriations. Their review is to determine whether the proposed project is a supportable candidate for inclusion in the federal water resources development program on the basis of various technical, economic, environmental, and administration policies. The executive order requires OMB to review these factors before a proposal may be sent to the Congress.

According to the OMB's Chief of Water Resources Branch, the order provides for a fairly broad policy and technical review to make sure that the policies, programs, and guidance of the administration are complied with in the proposed project. He said the branch's review stops when the staff is comfortable that the project is in compliance. First, summary-level information is reviewed and more details are consulted as needed. The branch chief said that many reports are found satisfactory quickly but on others, more information, meetings or field trips are necessary to complete a review. He said that it was hard to state precisely where OMB's review stops, only that it must continue until OMB determines whether a project meets administration standards.

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<sup>1</sup>Issued September 17, 1981, and amended on September 9, 1987, by Executive Order 12608.

The branch chief said that OMB tries to carry out the spirit of the order and does not have a policy of stopping projects. He said if OMB does not have a substantive problem, then it would clear the project for the Assistant Secretary to forward to the Congress. He said that if substantive problems are found, the Assistant Secretary is notified. According to the branch chief, some reports may be held until OMB gets an answer to questions, but inaction is not a strategy for dealing with reports submitted for review. Projects with higher budget priority do get first attention, he said, and external factors, like congressional interest and external information received by the OMB staff contribute most to determining priorities among the rest.

Regarding the extent of OMB's review, the Deputy for Planning Policy and Legislative Affairs in the Assistant Secretary's office, whose office reviews the proposed projects and coordinates with OMB, said OMB does not use its very broad review authority to its full extent very often. He said that because the system is designed to have all technical reviews completed at the district, division, and the WLRC, OMB normally does not go into technical detail.

The OMB Branch Chief said that the promptness of OMB reviews of Corps proposals depends mostly on budget priorities and staff workload. He emphasized that OMB's intention is to review all reports—good, bad, or indifferent—with the only question being the order of review. According to the branch chief, the Corps can produce many more proposals than the present OMB branch staff can handle. He said the branch would quickly process all proposals received to make an authorization recommendation to the Congress if it had the staff, and OMB wants an administration position on every project even if a project meeting administration policies and guidance has a low budget priority. In a report on the management of OMB, we indicated that major factors influencing OMB's performance were the resource and time constraints. The report stated that since 1970 the number of OMB staff had actually declined even with an increasing workload. The report recommended that the Director of OMB take steps to either increase or supplement staff resources.<sup>2</sup>

As for the Corps' initiative to get the Washington-level review elements involved early in projects, the water branch chief said that OMB decided not to become involved because it was concerned about retaining its

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<sup>2</sup>Managing the Government: Revised Approach Could Improve OMB's Effectiveness (GAO/ GGD-89-65, May 4, 1989), chapter 5.

final review prerogative, and because the staff was too small to attend all of the IRCS. Regarding the Corps' 30-day goal for final reviews, the branch chief said that it would be difficult to complete the review in 30 days, stating that it often takes 30 days to get a question answered. Both the Assistant Secretary's staff and the OMB branch chief said that OMB had not approved or committed to the 30-day goal for the Assistant Secretary's review, review and clearance by OMB, and transmittal of proposals to the Congress.

## Status of Feasibility Reports at OMB

Although the OMB staff states that all reports submitted are reviewed, the time the feasibility reports spend at their level can be lengthy, and for the recent past, exceeds the 30-day goal set under the new concurrent review process. The Assistant Secretary must send reports for review at OMB before they can be transmitted to the Congress for authorization consideration. Using data from the Assistant Secretary and OMB reports, we reviewed OMB's review time and the status of the reports handled.

According to the Assistant Secretary's staff log, 25 of 41 feasibility reports they received from November 1986 when the 1986 act was enacted through October 1989 were sent to OMB with a positive recommendation. Of the 25 reports, 17 were sent to the Congress for authorization after OMB reviews ranging from 1 to 15 months. Six reports had been in review at OMB from 1 to 18 months as of November 1989, and 2 had been rejected.

The Deputy for Planning Policy and Legislative Affairs acknowledged that the Corps or the Assistant Secretary have no control over whether OMB meets the 30-day time frame. To avoid delays, the deputy said OMB will be consulted as soon as an issue needing resolution is identified. As of the 3-year period ending in October 1989, mostly before the new procedures were implemented, OMB met this time frame in 4 of 25 cases. It should be noted that the lack of an OMB review has not prevented the Congress from including many project proposals in legislation authorizing construction and in some cases in appropriations bills. In fact 10 of the 25 proposed projects were already authorized for construction before the reports were sent to OMB. While a proposed project waits for reviews at the Washington level, the Corps often proceeds into pre-construction engineering and design of a project using federal funding from the general investigations appropriations.

# Comments From the Department of Defense



REPLY TO  
ATTENTION OF

DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY  
WASHINGTON, DC 20310-0103



2 AUG 1990

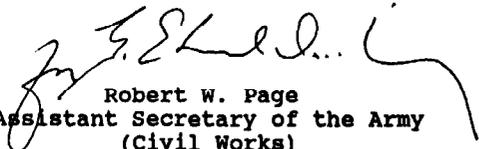
Mr. J. Dexter Peach  
Assistant Comptroller General  
Resources, Community, and Economic  
Development Division  
Washington, D. C. 20548

Dear Mr. Peach:

This is the Department of Defense (DOD) response to the General Accounting Office (GAO) draft report, "WATER RESOURCES: The Corps of Engineers' Revised Review Process for Proposed Civil Works Projects," dated June 20, 1990 (GAO Code 140839/OSD Case 8386). The Department fully concurs with the GAO findings and recommendation. Specific DOD comments on the recommendation are provided in the enclosure.

The Department appreciates the opportunity to comment on the draft report.

Sincerely,



Robert W. Page  
Assistant Secretary of the Army  
(Civil Works)

Enclosure

C. Edward Dickey  
Acting Principal Deputy Assistant Secretary  
(Civil Works)

GAO DRAFT REPORT - DATED JUNE 20, 1990  
(GAO CODE 140839/OSD CASE 8386)

"WATER RESOURCES: THE CORPS OF ENGINEERS' REVISED  
REVIEW PROCESS FOR PROPOSED CIVIL WORKS PROJECTS"

DEPARTMENT OF DEFENSE COMMENTS

\* \* \* \* \*

RECOMMENDATION 1: The GAO recommended that the Secretary of the Army, through the Assistant Secretary of the Army for Civil Works, should work with the Director, Office of Management and Budget, to establish a realistic time frame goal for the expedited review of feasibility reports on proposed water resource development projects to be transmitted to the Congress for construction authorization. (p.10/GAO Draft Report)

DOD RESPONSE: Concur. The Army will provide the Office of Management and Budget several documents sufficiently far in advance of the Army official transmittal of any project report to alert the Office of Management and Budget to the technical and policy issues involved. Thus, the historic review time at the Office of Management and Budget can be reduced. The first document is the Project Guidance Memorandum. This document is prepared after the Feasibility Review Conference and is available prior to the District Engineer completing the Feasibility Report. It provides guidance on how the information reviewed at the Feasibility Review Conference must be modified or supplemented in order to produce a sufficient report. The second document is the Washington Level Review Center assessment of the final report. The assessment analyzes the technical and policy issues in the report and provides a basis for the concurrent Washington level review and decision process. Therefore, by the time the Office of Management and Budget receives a report, it will know the issues and the extent of the review. The Army is working with the Office of Management and Budget to reduce the average review time. The Army will provide a progress report by April 1991.

# Comments From the Office of Management and Budget

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

JUL 20 1990

Mr. James Duffus III  
Director, Natural Resources  
Management Issues  
U.S. General Accounting Office  
Washington, D.C. 20548

Dear Mr. Duffus:

The staff of the Natural Resources Division of the Office of Management and Budget appreciates the opportunity to review the draft General Accounting Office Report entitled "Water Resources: The Corps of Engineers Revised Review Process for Proposed Civil Works Projects," (GAO/RCED 90-188, CODE 140839) dated June 20, 1990. Our response is enclosed.

Sincerely,

A handwritten signature in dark ink, appearing to read "David M. Gibbons".

David M. Gibbons  
Deputy Associate Director  
for Natural Resources

Enclosure

ENCLOSURE

OMB Response to "WATER RESOURCES: The Corps of Engineers Revised Review Process for Proposed Civil Works Projects," dated June 20, 1990.

GAO RECOMMENDATION

GAO recommends that OMB and the Assistant Secretary of the Army agree on a more realistic goal than 30 days. Also, GAO cited a 1989 recommendation that OMB should either increase or supplement its resources.

OMB RESPONSE

Executive Order 12322. A copy should be included in the report.

OMB review schedule. Because of competing priorities in OMB and in the Natural Resources Division, we do not agree with the 30-day period and are reluctant to agree to any period. Additional staff for the Water Resources Branch is not an OMB priority.

Elaboration of OMB's process. As GAO indicates, we do not approve a report until we are "comfortable" with it, but our process is not as subjective or arbitrary as it sounds. Because the results of OMB's review can have National implications by establishing precedents for the Corps of Engineers, the Department of the Interior's Bureau of Reclamation, and the Department of Agriculture's Soil Conservation Service whose projects OMB also reviews under Executive Order 12322, OMB's clearance of reports involves a very thorough peer review based on the following policy and technical criteria:

- o Policy criteria emphasize delimiting Federal and non-Federal responsibilities according to Administration priorities:
  - Ensure that project outputs represent established Federal interests (e.g., urban flood control in lieu of drainage and erosion control, commercial navigation in lieu of land developments), or any new Administration priorities (e.g., mitigation of environmental effects of existing projects).
  - Ensure that justifications of projects with priority outputs are based on National needs (projects are justified in terms of damages avoided or decreases in cost and are not merely regional transfers; priority purposes are justified incrementally and not predominately on the basis of benefits from non-priority purposes -- i.e., recreation).

See comment 1.

See comment 2.

See comment 3.

- Ensure that cost sharing is consistent with P.L. 99-662 and other applicable legislation.
- Ensure that cost-ceilings are not violated.
- Avoidance of windfall benefits accruing to single beneficiaries.
- Emphasize protection of existing property and activities rather than promoting land development.
- Ensure that environmental issues are satisfactorily addressed.
- o Technical criteria primarily based on the Principles and Guidelines:
  - Ensure that projects are formulated in accordance with established planning and design criteria (e.g., broad range of alternatives are considered and separable elements are incrementally justified).
  - Ensure that projects to be cost shared are in fact the most cost effective (National Economic Development maximizing plan).
  - Ensure that proposals are evaluated in terms of current and appropriate data (e.g., economic and demographic projections).
  - Ensure that benefits are derived by appropriate methodology and appropriately measured and accounted.
  - Ensure that plans have been developed in accordance with NEPA and other appropriate legislation (e.g., Fish and Wildlife Coordination and Endangered Species Acts).

General Comments on the OMB Review Process:

See comment 4.

- o GAO indicates that OMB normally does not go into technical detail. Sometimes, application of technical criteria does, in fact, catch problems which take time to be resolved. Often, OMB's technical check has encouraged the Corps to be more careful in preparation of other reports.

See comment 5.

- o The number of rejected projects is not a measure of the quality control provided by our review process. Often, we defer formal judgment until our informally communicated concerns are satisfactorily addressed.

See comment 5.

- o The time taken on a particular project may reflect an examination of a policy issue that may relate to an entire class of projects.

See comment 5.

OMB has contributed to acceleration of review process. Army's acceleration of the review process is a net gain independent of the time it takes for OMB to discharge its responsibilities. Moreover, the President's budget supports the policy of seamless funding. Seamless funding is the automatic initiation of the preconstruction, engineering, and design phase prior to transmission of the feasibility report to Congress for authorization. This seamless funding responds to project sponsors' concerns for the timeliness of the review process by eliminating a sometimes lengthy gap caused by a delay in appropriations.

See comment 6.

Recent OMB track record. Within manpower constraints, we have accelerated reviews and put our review priority on projects being proposed for authorization or as new construction starts.

- o Between July of 1988 and July 1989, OMB received 24 reports from Army. The average time to review 18 reports was 8 months. No reports were reviewed within 30 days.
- o Between July 1989 and July 1990, OMB used an average time of 4 months to review 13 of the 25 reports it received from Army. One report was reviewed within 30 days.
- o The improvement in average report review time reflects increased responsiveness on priority projects. The decrease in reviews completed reflects competing demands on staff.

See comment 7.

Potential for future improvements. OMB will continue its effort to accelerate reviews and be responsive to Army priorities.

- o For each proposed project, Army will provide OMB with the Project Guidance Memorandum (prepared after the feasibility Review Conference) and the final Washington Level Review Center Assessment (prepared at the end of the concurrent Washington Review). This should familiarize OMB personnel with proposed projects and help to avoid raising technical issues already satisfactorily addressed. As we gain experience and become more confident of the results of the new review process, OMB will be able to devote less time to technical issues and concentrate on policy issues. Elimination of the work on technical issues should accelerate the review time and increase the number of reports that OMB can process.

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The following are GAO's comments on the OMB letter dated July 20, 1990.

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## **GAO Comments**

1. The substance of the executive order is described in app. IV, page 31.
2. This comment and our response are summarized in the letter on pages 8-9.
3. In this section, OMB elaborates on information provided to us during our review as presented in app. IV. While OMB reiterates and supplements information we reported, we believe our appendix as written accurately represents OMB's process and criteria.
4. The view that OMB normally does not apply technical criteria in its review was expressed by a DOD official as reported on page 32 of app. IV. On page 31 of app. IV, we report that technical criteria are among the standards that OMB may use.
5. We do not take issue with these OMB statements in our report and consider them a further elaboration of OMB views that does not require a revision of the report.
6. Our analysis of the timeliness of OMB reviews was based on a 3-year period ending in October 1989. OMB used a 2-year period ending in July 1990 that involves a different set of reports. Rather than calculating averages, we reported the range of review times and the number of reports OMB reviewed within 30 days.
7. This new procedure is summarized on page 8 of the letter.

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# Major Contributors to This Report

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