

GAO Highlights

Highlights of [GAO-15-810](#), a report to the Chairman, Subcommittee on Transportation and Infrastructure, Committee on Environment and Public Works, U.S. Senate

Why GAO Did This Study

The Corps maintains the navigation for thousands of miles of waterways and hundreds of ports of harbors. The Corps conducts maintenance dredging primarily under contract with private industry to remove sediment from waterways. Maintenance dredging is often cyclical in nature, with dredging needed annually or every few years.

GAO was asked to review Corps' maintenance dredging contract costs. This report examines (1) agency data available about the total costs of maintenance dredging contracts, and factors that contributed to any changes, during fiscal years 2004 through 2013, and (2) approaches the Corps reports it has undertaken to manage maintenance dredging contract costs

GAO reviewed laws, regulations, and Corps guidance; analyzed cost data from the Corps' dredging database for fiscal years 2004-2013 and assessed the reliability of these data; reviewed a nongeneralizable sample of four projects selected to reflect geographic variation and a range of contract sizes; reviewed documentation on approaches to manage costs; and interviewed Corps officials from headquarters, divisions, and districts (selected for geographic variation and range of dredging work) and dredging industry stakeholders.

What GAO Recommends

GAO recommends that the Corps require that its district offices establish systematic quality controls to regularly verify the completeness and accuracy of maintenance dredging contract data. The Department of Defense concurred with the recommendation.

View [GAO-15-810](#). For more information, contact Anne-Marie Fennell at (202) 512-3841 or fennella@gao.gov.

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ARMY CORPS OF ENGINEERS

Action Needed to Ensure the Quality of Maintenance Dredging Contract Cost Data

What GAO Found

Cost data in the U.S. Army Corps of Engineers' (Corps) dredging database are unreliable and, therefore, the total costs of maintenance dredging contracts during fiscal years 2004 through 2013 are unclear. In particular, about 19 percent (264 out of 1,405) of the contract records marked as "complete" did not contain information on the final contract costs or the actual quantity of material dredged. The Corps relies on cost data from its dredging database to assess trends in maintenance dredging contract costs over time, among other things, but its district offices do not have systematic quality control measures in place to ensure these data are complete and accurate. Federal internal control standards indicate that managers should maintain quality information, including accurate and complete operational and financial data, for the effective and efficient management of their operations. Without systematic quality controls at the district-office level to regularly verify the completeness and accuracy of their maintenance dredging contract data, the Corps risks undertaking analyses on incomplete information, and drawing conclusions about cost trends based on unreliable information.

Multiple factors likely contributed to changes in contract costs during fiscal years 2004 through 2013, according to Corps officials. Corps officials, as well as representatives from the dredging industry, told GAO that during this period they believed the cost of dredging had increased for many maintenance projects. However, Corps officials said that it is difficult to discern which factors may have led to specific cost increases for a particular contract given the many factors that influence the cost of a contract. Factors that Corps officials commonly cited as likely contributing to changes in contract costs over the 10-year period included the number of contractors available to bid on the work; fluctuations in the market prices for labor, fuel, and steel; and the costs for transporting dredged material to a placement site, with farther placement sites generally being more costly because of additional time, fuel, and equipment needed to transport the material.

Corps districts reported undertaking various approaches to manage maintenance dredging contract costs, largely on a project-by-project basis because of the unique nature of each project. For example, officials from 11 of 12 Corps district offices interviewed said they have combined work under one or more projects that had historically had separate contracts into a single contract to help manage costs. In combining contracts, Corps district officials estimated reducing total mobilization costs—the costs to transport dredge equipment—based on the need to mobilize dredge equipment once under a combined contract, instead of multiple times for individual contracts. For example, Corps officials estimated that combining dredge work across projects from several West Coast districts saved up to \$7 million annually in mobilization costs. Corp officials pointed out, however, that combining contracts may not always be feasible, such as when projects have time-sensitive dredging needs. Additionally, officials from a few district offices said that, in specifying the dredging requirements for a project, they may emphasize performance requirements and not necessarily the type of equipment needed to achieve those requirements, which may result in an increase in the number of contractors available to bid on the work and, therefore, more competitive bids.