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Resources, Community, and
Economic Development Division

B-278170

October 8, 1997

The Honorable Bud Shuster
Chairman, Committee on Transportation
and Infrastructure
House of Representatives

Subject: Results Act: Observations on the U.S. Army Corps of Engineers
Civil Works Program's Draft Strategic Plan

Dear Mr. Chairman:

On September 5, 1997, you asked us to review the draft strategic plan submitted by the U.S. Army Corps of Engineers and the Office of the Acting Assistant Secretary of the Army (Civil Works) for consultation with the Congress as required by the Government Performance and Results Act of 1993 (the Results Act). This report is our response to that request concerning the draft strategic plan dated August 19, 1997.

OBJECTIVES, SCOPE, AND METHODOLOGY

We agreed to review the Corps' draft plan and assess whether (1) it fulfills the requirements of the Results Act and to provide our views on its overall quality; (2) the Corps' key statutory authorities are reflected in the draft plan and, if so, how they relate to the missions and goals in the draft plan; (3) it reflects interagency coordination for crosscutting programs, activities, or functions that are similar or complementary to those of other federal agencies; (4) it addresses major management challenges previously identified by the Corps or by independent oversight entities; and (5) it addresses the adequacy of the Corps' data and information systems for providing reliable information for measuring results.

We reviewed the Corps' most recent draft strategic plan—dated August 19, 1997—that the Corps provided to congressional committees. Our overall assessment of the draft strategic plan was generally based on our knowledge of the Corps' operations and programs developed during our various reviews

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in past years; our discussions with the Acting Assistant Secretary of the Army (Civil Works), the Corps' Executive Officer for Civil Works, and members of their staffs; and other existing information available at the time of our assessment.

Specifically, the criteria we used to determine whether the Corps' draft strategic plan complied with the requirements of the Results Act were the Results Act itself, supplemented by the Office of Management and Budget's (OMB) guidance on developing the plans (Circular A-11, Part 2). To make judgments about the overall quality of the draft plan and its components, we used our May 1997 guidance for congressional review of the plans (GAO/GGD-10.1.16) as a tool. To determine whether the draft plan contained information on interagency coordination and addressed management problems, as well as the adequacy of systems to provide reliable information on performance, we relied on our general knowledge of the Corps' operations and programs and the results of our previous reports.

It is important to recognize that the draft plan we reviewed is not the final strategic plan. The Results Act anticipated that it may take several planning cycles to perfect the process and that the final plan would be continually refined as future planning cycles occur. Thus, our findings reflect a snapshot of the draft plan at a point in time. We recognize that developing a strategic plan is a dynamic process and that the Corps has been working to revise the draft with input from OMB, congressional staff, and other stakeholders.

Our work was performed in September and October 1997 in accordance with generally accepted government auditing standards.

BACKGROUND

The Army Corps of Engineers traces its history to 1775 when a Chief of Engineers was appointed in the Continental Army. Today it has both defense and civil components. It serves the Army with Engineering, Construction, and Environmental divisions, the work of which is funded through the defense budget, while its Civil Works program, which is the subject of the draft plan addressed in this report, is funded through annual energy and water development appropriation acts or project sponsors and clients.

The Civil Works program involves the work of nearly 30,000 civilian employees constructing, managing, operating, or maintaining nearly 300 deep-draft harbors, over 600 shallow-draft harbors, 12,000 miles of navigation

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channels, nearly 400 lakes and reservoirs, 8,500 miles of levees, over 4,000 recreation sites, and 75 hydropower projects representing nearly a quarter of all hydropower capacity in the nation.

The Civil Works program provides services in eight categories that the Corps calls "business programs":

- flood and coastal storm damage reduction,
- navigation,
- environment,
- hydropower,
- recreation,
- regulatory,
- emergency preparedness and disaster response, and
- support for others.

The Corps' strategic planning process has evolved over the years. In June 1995, the Corps adopted the concept of tracking its business programs and began developing performance measures to monitor results. In 1996, a new Chief of Engineers directed work on a strategic vision that has come to be referred to as the "Corps Plus Master Strategy." Corps officials explained to us that the process that culminated in the draft plan began in June 1996 with discussions between the offices the Assistant Secretary of the Army (Civil Works) and the Chief of Engineers.

The Results Act requires agency strategic plans to include the following six key elements: (1) a comprehensive mission statement covering the major functions and operations of the agency; (2) a description of the general goals and objectives for the major functions and operations of the agency; (3) a discussion of how these goals and objectives will be achieved and the resources needed; (4) a description of the relationship between the performance goals in the annual performance plan and the general goals and objectives in the strategic plan; (5) a discussion of key factors external to the agency that could affect significantly the achievement of the general goals and objectives; and (6) a description of program evaluations used to develop the plan and a schedule for future evaluations.

The Results Act is aimed at improving program performance. It requires that federal agencies consult with the Congress and solicit the views of other stakeholders in developing their strategic plans. It also requires that agencies establish long-term strategic goals as well as annual goals that are linked to

them. These annual goals are to appear in a performance plan that each agency must prepare each year and submit to the Congress beginning with the President's Fiscal Year 1999 budget submission, which will be due in February 1998. Agencies must then measure their performance against the goals they have set and report publicly, in subsequent years, on how well they are doing.

RESULTS IN BRIEF

To its credit, the Corps has been actively pursuing initiatives to improve strategic planning over the years. However, the Corps' draft plan for its Civil Works program does not provide the Congress with complete information for its consultation. For example, while addressing at least minimally the requirements for a mission statement, goals and objectives, and an implementing strategy, the draft plan does not describe the resources, such as the staff skills and experiences, capital, and information, that would be needed to achieve the plan's objectives. Much of what it does present is extremely general and would be difficult to use for decision-making. Moreover, it does not address such required matters as the key external factors affecting the achievement of the goals it describes and the role of program evaluation in the effort. The Congress is also missing some information that, while not required by the Results Act, would be of significant benefit in the consultation process.

The draft plan refers to some key statutory authorities, but the general nature of the discussion in the draft plan and the wide range of statutes affecting the Corps precluded our determining the comprehensiveness of the draft plan's coverage of the issue. The Results Act does not require agencies' strategic plans to contain a statement of statutory authorities. However, we believe that including such a statement along with the linkages to the objectives in the plan may permit a better understanding of the diversity and complexity of the Corps' overall mission and goals and objectives.

Prior to its release in August, the draft plan had not been shared with other executive branch agencies with roles to play in areas of the Corps' activities, and the draft plan does not identify programs and activities that are crosscutting or similar to those of other federal agencies. Yet the Corps' missions clearly overlap with the activities of other agencies such as the Department of the Interior's Bureau of Reclamation, the Department of Energy's Power Marketing Administrations, and the Environmental Protection Agency.

Our review also found that the draft plan does not address major management problems identified in the past or the adequacy of the systems that are to provide needed information for monitoring implementation. Although many of the Corps' strategic goals rely on the effective use of telecommunications and automated systems, the draft plan does not discuss how the Corps intends to use its information resources to meet its goals. Furthermore, the draft plan does not mention how the Corps will build the staff skills needed to develop and manage its information infrastructure. Nor does the Corps discuss how it plans to address the "year 2000" computer problem and to improve its information security—two general issues that we have identified as high risk across the government.

DRAFT PLAN DOES NOT REFLECT ALL KEY
ELEMENTS REQUIRED BY THE RESULTS ACT

The draft strategic plan for the Corps' Civil Works program falls far short of meeting the requirements of the Results Act. In its draft plan, the Corps has presented some, but by no means all, of the information required by the Results Act. Moreover, much of what it does present is lacking in the specifics that would be useful for decision-making.

Mission Statement Included in the Draft Plan

The draft plan does include a statement of an overall mission that touches on the major functions and operations of the Civil Works program, although it is very general when addressing the program's principal area of concern—water resources—and includes material that appears to be tangential. The mission statement does say that the Corps "provides responsible stewardship of its water resources infrastructure and the associated natural resources, and provides emergency services to the Nation for disaster relief." But it also includes points adopted by the Corps' parent agency, the Department of Defense, that may cause confusion: "to promote prosperity and democracy, and to strengthen national security." How the Civil Works program's contributions on those points could be measured is unclear and is not addressed in the draft plan. The mission statement concludes with a series of statements that are primarily descriptions of current activities.

Goals and Objectives Defined in the Draft Plan

The draft plan does include goals and objectives. However, it presents a confusing mix of strategic objectives, command goals, and strategic elements,

which it later refers to as program objectives. It is often unclear how these concepts relate to each other, and many are not stated in a way that allows for future assessment of whether they are being achieved—a key Results Act requirement. The program's approach to pursuing its objectives is described only in very general terms.

It is unclear, for instance, how the four "Civil Works Strategic Objectives" are linked to the program's mission. While the mission statement discusses the Corps' work with water resources, only one of the objectives mentions "water," that is, to lead in the development, management, protection, and restoration of the nation's water resources.

Although each objective is supported by "elements," they do not always seem to be related. The Corps' first objective, for example, that of serving the nation with high-quality engineering and technical, scientific, planning, and other expertise, speaks to skills and knowledge, but the first two elements supporting it deal instead with investing in and managing infrastructure. (These elements might better have been presented to support the second objective, which involves the development, management, protection, and restoration of the nation's water resources.) The third and last element under the first objective deals with the program's response to disasters and is discussed in only one short sentence in the draft plan: "We will maintain our ability to provide rapid and effective emergency response and disaster recovery."

The third objective, to provide cost-effective and efficient engineering services to federal agencies and other organizations is supported by a single element that calls for increasing the program's reimbursable support by at least 25 percent through "proactive outreach initiatives by 2002." The program's current level of reimbursable support is not given, and the kinds of outreach initiatives needed to increase the level by 25 percent over the next 4 years are not discussed.

The fourth objective, to "achieve world-class performance," is supported by elements that call, among other things, for the implementation of a performance measurement system, a benchmark of cost-per-unit performance by 1999, and a 20-percent reduction in the acquisition time for the Corps' contracts by 2003 with an accompanying cost reduction of 15 percent. In the discussion of this objective and its elements, however, the draft plan does not specify how the Civil Works program intends to accomplish these things. Instead it focuses on general points such as these: "We will align for

success." "We must think and act as one corporate team." "We must provide timely and clear policy guidance to the field."

Strategies Included in the Draft Plan

The Corps' draft plan sets out the role of the annual performance plan in specifying the actions that will constitute a strategy for accomplishing the goals. Under the Results Act, these annual plans are to be prepared and presented in concert with the President's budget proposal each year, beginning next year. The draft strategic plan provides an overview of these strategies that is detailed enough to allow an understanding of the task facing the performance plan's preparers but does not allow a judgment at this time of the prospects for success. For example, OMB Circular A-11, Part 2, specifies that the strategic plan's description of how the general goals and objectives will be achieved should "outline the process for communicating the goals and objectives throughout the agency." The Corps' draft plan says only that "the program objectives will be communicated to employees" and that the annual performance plans will "assure the full integration of the objectives into our corporate consciousness." How the process will work is not described. However, given the approach of the Results Act, which requires the development of the strategic plan as a precursor to—and a tool for—the performance planning process, the draft plan's coverage of strategies provides a basis for consultation with the Congress, with other federal entities, and with nonfederal stakeholders.

Three Elements Not Included in the Draft Plan

Our review of the draft plan found that several other elements are not included. Specifically, the description of the relationship between the coming annual performance plan and this strategic plan fails to discuss key features; the plan is silent on the key factors external to the agency that could significantly affect its achievement of the goals; and the plan is missing the required description of how program evaluations were and will be used.

Although the draft plan's overview of what the Corps intends to cover in its annual performance plans provides some indication of the strategy the Corps intends to follow to pursue its goals, it does not contain much information that would be useful in making decisions about the strategy. There is no description of the operational processes that must be effective for the Corps to meet the draft plan's goals and objectives or of the improvements needed in those processes. Nor is there any description of the skills that must be

applied to the tasks, any plan to identify the availability of those skills within the organization, or how the Corps would obtain those skills not readily available. There is also no discussion of the technology needed to utilize the skills and abilities obtained or to compensate for shortages. In short, there is none of the discussion required by the Results Act of the human, capital, information, or other resources required to meet the plan's goals and objectives.

While the draft plan discusses the budgetary constraints the Civil Works program faces and the impact of the aging of its physical infrastructure on the demand for operation and maintenance funds and on the Corps' ability to undertake new construction, it is silent on the key factors external to the agency and beyond its control that could significantly affect its achievement of the strategic goals. There is no discussion of any efforts by the agency to identify the important elements at work in the nation affecting water, energy, transportation, construction, or environmental concerns or important trends or events affecting these concerns, nor is there a discussion of the expected developments in the future that may affect the Corps' ability to meet its goals and objectives. Thus, it is not possible to determine from the draft plan whether the agency's strategies for achieving its goals properly reflect these external factors.

Also missing is the required description of how program evaluations were used to establish or revise strategic goals and a schedule for future program evaluations. It is impossible to determine from the text of the draft plan what studies supported the planning effort, who conducted them, or what their methodological suitability was for their use in the planning process. Evaluations can be a potentially critical source of information for the Congress and others in assessing (1) the appropriateness and reasonableness of goals; (2) the effectiveness of strategies by supplementing performance measurement data with impact evaluation studies; and (3) the implementation of programs by identifying the need for corrective action, among other things. Moreover, the draft plan does not contain a schedule for when future program evaluations will be conducted, nor does it describe the general methodology to be used, the timetable, or the general scope of an evaluation or particular issues to be addressed.

DRAFT PLAN CITES SOME
KEY STATUTORY AUTHORITIES

The Corps' general responsibilities have been established in dozens of federal statutes. In addition, specific authority for the Corps to implement certain individual water development projects is provided in a number of authorization acts (for example, the Water Resources Development Acts of 1994 and 1996). The Corps' draft plan mentions some of its key responsibilities, such as navigation, flood control, and managing water projects. The draft plan also refers to several of the Corps' key statutory authorities, such as the Water Resources Development Act of 1996, which provides authority for ecosystem and watershed restoration and protection.

However, because the draft plan's objectives are general and the Corps' requirements are spread among many general and specific laws, we could not determine whether the draft plan reflects all of the Corps' major legislative requirements. While the Results Act does not require the Corps to include a statement of its major statutory responsibilities in its plan, we believe that including such a statement along with the linkages between the Corps' objectives and its relevant statutory authorities may facilitate a better understanding of the diversity and complexity of the Corps' overall mission and its objectives.

CROSSCUTTING PROGRAM ACTIVITIES
NOT ADDRESSED IN THE DRAFT PLAN

Prior to its submission to congressional committees for consultation, the draft plan had not been shared with other executive branch agencies with roles to play in the areas of the Corps' activities. Also, the draft plan does not identify the programs and activities that are crosscutting or similar to those of other federal agencies. Yet the Corps' mission clearly overlaps with the activities of other agencies such as the Department of the Interior's Bureau of Reclamation, the Department of Energy's Power Marketing Administrations, and the Environmental Protection Agency.

In our testimony before the House Committee on Resources' Subcommittee on Water and Power on the draft strategic plans of the Departments of Energy and the Interior (GAO/T-RCED-97-213, July 17, 1997), we were critical of Interior, with its Bureau of Reclamation's water-related missions, and Energy, with its Power Marketing Administrations' hydropower-related missions, for their failures to address coordination with the Corps of

Engineers in their draft plans. Similarly, it is important for the Corps to include the impact and involvement of other entities such as these in its strategic planning.

Although no consultation or coordination occurred before the release of the draft plan on August 19, we were encouraged to learn from Corps officials that they have used that draft plan as the vehicle to solicit input from over 250 federal and nonfederal "stakeholders."

DRAFT PLAN DOES NOT ADDRESS PREVIOUSLY IDENTIFIED MANAGEMENT PROBLEMS

The draft plan does not include any detailed discussion of the results of previous efforts to identify needed improvements in the Corps' management or operations, or the importance of making such improvements.

Instead, the segment of the draft plan entitled "Key Factors Affecting Program Objectives Achievement" is but one paragraph in length. It specifies only four factors, one of which is a general difficulty ("reductions in resources") and three of which are ongoing operational issues (dredge spoils disposal, contaminated sediment, and the Harbor Maintenance Trust Fund). It does not address how the Corps would resolve even these issues.

Finally, the plan concludes that the Corps "must not dwell on the negative but rather recommend to the Administration and the Congress initiatives to resolve roadblocks beyond our control." This provides decisionmakers with little real information on the management challenges that may have been identified in recent years.

DRAFT PLAN DOES NOT ADDRESS NEEDED IMPROVEMENTS TO ENSURE RELIABLE INFORMATION FOR MEASURING RESULTS

The draft plan is silent on the sources of information Corps officials and other decisionmakers will need to monitor implementation. However, the Corps' leadership has been made aware in the past of deficiencies in the accounting systems supporting reports on financial transactions, assets, and other measures of activity, and the Corps has been working since the early

1990s to develop an effective system of performance measurement.¹ Corps officials drew our attention to these efforts and stated that the annual performance plan will provide the means of measuring progress toward the goals in the strategic plan.

Although many of the Corps' strategic goals rely on the effective use of telecommunications and automated systems, the draft plan does not discuss how the Corps intends to use its information resources to meet its goals. In particular, the draft plan does not mention how the Corps intends to implement the landmark reforms embodied in the Paperwork Reduction Act of 1995 and the Clinger-Cohen Act of 1996. These laws call for agencies to establish a framework of management practices to improve how information technology is used to enhance agencies' performance and help meet strategic goals. This includes establishing an effective investment control process to ensure that information technology projects are in line with the agency's overall goals and priorities. The Corps' draft plan also does not mention how it intends to build the staff skills needed to develop and manage its information infrastructure. In addition, the Corps should discuss how it plans to address the "year 2000" computer problem and to improve its information security—two general issues that we have identified as high risk across the government.

AGENCY COMMENTS AND OUR EVALUATION

We provided copies of a draft of this report to the Corps of Engineers for review and comment. The Acting Assistant Secretary of the Army (Civil Works) provided the enclosed comments stating that "the Army will be making extensive revisions to the Strategic Plan" and that it will consider our comments as the plan is revised. The revised strategic plan is to be completed and ready for submission by December 15, 1997.

¹See Army Corps of Engineers Civil Functions: Chief Financial Officer Annual Financial Statement, FY 1996 (Mar. 1, 1997); Financial Audit: Examination of the Army's Financial Statements for Fiscal Years 1992 and 1991 (GAO/AIMD-93-1, June 30, 1993); Financial Audit: Examination of the Army's Financial Statement for Fiscal Year 1991 (GAO/AFMD-92-83, Aug. 7, 1992); and Financial Management: Immediate Actions Needed to Improve Army Financial Operations and Controls (GAO/AFMD-92-82, Aug. 7, 1992).

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We will send copies of this letter to the Majority and Minority Leaders of the House of Representatives; the Ranking Minority Member of your Committee; the Chairmen and Ranking Minority Members of other Committees that have jurisdiction over the Corps' activities; the Assistant Secretary of the Army (Civil Works); the Chief of Engineers; and the Director, Office of Management and Budget. Copies will be made available to others on request.

Please call me at (202) 512-3841 if you or any of your staff have any questions concerning this letter. Major contributors to this report were Brad Hathaway, Assistant Director; Leslie Albin, Reports Analyst; and Doreen S. Feldman, Assistant General Counsel.

Sincerely yours,



Susan D. Kladiva
Acting Associate Director, Energy, Resources,
and Science Issues

Enclosure

COMMENTS FROM THE ASSISTANT SECRETARY OF
THE ARMY (CIVIL WORKS)



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
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108 ARMY PENTAGON
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3 OCT 1997

REPLY TO
ATTENTION OF

Ms. Susan D. Kladiva
Acting Associate Director, Energy,
Resources and Science Issues
General Accounting Office
Washington, D.C. 20548

Dear Ms. Kladiva:

Thank you for your October 1, 1997, letter to Colonel Robert Burkhardt, the Executive Director of Civil Works, Headquarters, U.S. Army Corps of Engineers, regarding the draft Strategic Plan for the Civil Works Program of the Army Corps of Engineers. We appreciate the comments you have provided and will consider these comments as we revise the draft Strategic Plan.

As a result of the comments received from Congress, the Office of Management and Budget, and your agency, the Army will be making extensive revisions to the Strategic Plan. Consequently, we anticipate that the revised Strategic Plan will be completed and ready for submission to Congress by no later than December 15, 1997.

By letter dated September 30, 1997, we advised Congress and the Office of Management and Budget of our intent. Copies of the letters sent to the Speaker of the House and the President pro Tempore of the Senate are enclosed.

Again, I appreciate and thank you for your careful review of the Civil Works draft Strategic Plan.

Sincerely,

John H. Zirschky
Acting Assistant Secretary of the Army
(Civil Works)

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