



Highlights of [GAO-05-946](#), a report to Subcommittee on Energy and Water Development, Committee on Appropriations, House of Representatives

Why GAO Did This Study

In recent years, the Army Corps of Engineers (Corps) has had more work to accomplish than funds available. The Congress has supported the Corps' need to reprogram funds to complete projects. Reprogramming allows the Corps to move funds from projects that can not use available funds to those that can. However, concerns have been expressed about whether the Corps reprogrammed funds in accordance with applicable guidance.

GAO determined for fiscal years 2003 and 2004 (1) the amount of funds reprogrammed; (2) if the Corps followed reprogramming guidance; (3) why the Corps reprogrammed funds; and (4) how effective the Corps' reprogramming strategy was in managing funds.

What GAO Recommends

GAO made five recommendations to help the Corps reduce its reliance on reprogramming actions, institute a financial planning and priority process for managing project funds, and work with congressional committees to develop meaningful reprogramming guidance.

In its comments on the draft report, the Department of Defense concurred with all but one recommendation. It did not concur with the need to allot funds to projects periodically during the year. GAO still believes that this recommendation is needed because project changes occur throughout the year.

www.gao.gov/cgi-bin/getrpt?GAO-05-946.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Anu Mittal at (202) 512-4852 or mittala@gao.gov.

ARMY CORPS OF ENGINEERS

Improved Planning and Financial Management Should Replace Reliance on Reprogramming Actions to Manage Project Funds

What GAO Found

In fiscal years 2003 and 2004, the Corps reprogrammed funds over 7,000 times and moved over \$2.1 billion among projects within the investigations and construction appropriations. Moreover, funds were moved in and/or out of nearly two thirds of the projects within these appropriation accounts. Comparable data for the operation and maintenance appropriation could not be provided by the Corps.

GAO reviewed a random sample of 271 general investigation, construction general, and operation and maintenance projects and found that the Corps generally reprogrammed funds in accordance with its guidance. However, in eight cases, the Corps' reprogramming actions did not comply with the guidance because it either exceeded established reprogramming thresholds and/or did not provide the appropriate notification to the Congress. Although in most cases the Corps reprogrammed funds according to its guidance, this guidance is written in such a way that most reprogramming actions do not count as reprogramming actions toward the congressional notification thresholds, thereby diminishing the Congress' knowledge and oversight of how the Corps spends appropriated funds.

In many cases, the Corps reprogrammed funds from projects that experienced unforeseen delays to projects that could make use of additional funds. On the other hand, reprogramming actions were conducted that were inconsistent with the Corps' reprogramming guidance, such as to achieve a Corps goal that all projects carry no funds into the next fiscal year. Some of these movements were as small as 6 and 7 cents. Corps guidance states that small reprogramming actions are inconsistent with sound project management and increase its administrative burden. Funds were also moved into projects that had a reported "need" and then were subsequently removed because they were suddenly "excess"—sometimes on the same day or within a few days or weeks. Such movements appear to serve little useful purpose and create an administrative burden for the Corps because of the time and effort needed to accomplish these movements.

The Corps has come to rely on reprogramming as its primary method to manage project funds. The use of reprogramming is no longer used as a tool when emergencies and unforeseen circumstances occur but instead has become the regular, recurring financial management practice. Finally, the use of numerous reprogramming actions to manage project funds, without a set of formal Corps-wide priorities, has resulted in an uncoordinated movement of funds between projects, with little consideration to pending needs or long-term planning.