

DOCUMENT RESUME

01729 - [A0590858]

Improved Reporting Needed on the Status of Selected Major Civil Acquisitions. PSAD-77-5; B-182956. December 29, 1976. 13 pp. + 7 appendices.

Report to the Congress; by Elmer B. Staats, Comptroller General.

Issue Area: Federal Procurement of Goods and Services: Notifying the Congress of Status of Important Procurement Programs (1905).

Contact: Procurement and Systems Acquisition Div.

Budget Function: General Government: Other General Government (806).

Organization Concerned: Department of Transportation; Energy Research and Development Administration; Bureau of Reclamation; Federal Aviation Administration; Federal Highway Administration; Urban Mass Transportation Administration; Department of the Army; Corps of Engineers.

Congressional Relevance: Congress.

Reports prepared on major civil projects by the Corps of Engineers, Bureau of Reclamation, Bonneville Power Administration, Federal Aviation Association, Federal Highway Administration, Urban Mass Transit Administration, and Energy Research and Development Administration were studied to determine whether reporting data on major projects could be improved to assist agencies and Congress in decisionmaking. Findings/Conclusions: All of the agencies reviewed prepare reports both for internal management and Congressional use. In most cases, these reports do not include baseline cost, schedule, and performance data. A report showing baseline data and current estimates would provide improved visibility over the status of major projects and alert agency officials and Congress to the full magnitude of cost increases, schedule delays, and performance problems. Civil agency officials could easily develop these data. Recommendations: Congress should be provided with status reports on selected major projects before submission of the annual budget. OMB is the logical focal point for monitoring the selection of programs for reporting. The Director of OMB should issue guidelines to the agencies for reporting on selected major projects. (RRS)

01729

REPORT TO THE CONGRESS

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*



Reporting Of Selected Major Civil Projects Needs Improvement

Office of Management and Budget
and Other Federal Agencies

As of June 30, 1975, several Government agencies were managing more than 460 major civil projects estimated to cost \$184 billion when completed.

GAO recommends that more complete information on selected major projects be submitted to the Congress to provide a better means of assessing overall progress and to aid in making decisions on the future direction of the programs.



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

E-182956

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

This report recommends that the executive agencies provide the Congress with status reports which compare the current status of major civil projects with original congressional authorizations.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Copies are being sent to the Director, Office of Management and Budget; to the Secretaries of the various departments; and the head of the independent agency involved.

Frederic B. Atch
Comptroller General
of the United States

C o n t e n t s

	<u>Page</u>
DIGEST	i
CHAPTER	
1 INTRODUCTION	1
Corps of Engineers	3
Department of the Interior	3
Bureau of Reclamation	3
Bonneville Power Administration	4
Department of Transportation	4
Federal Aviation Administration	4
Federal Highway Administration	4
Urban Mass Transportation Administration	5
Energy Research and Development Administration	5
2 CURRENT REPORTING ON MAJOR PROJECTS: HOW IT CAN BE IMPROVED	6
Corps of Engineers	6
Bureau of Reclamation	7
Bonneville Power Administration	8
Federal Aviation Administration	8
Federal Highway Administration	9
Urban Mass Transportation Administration	10
Energy Research and Development Administration	11
3 CONCLUSIONS, AGENCY COMMENTS, AND RECOMMENDATION	12
Conclusions	12
Agency Comments	12
Recommendation	13
APPENDIX	
I Data currently being reported on major projects	14
II Letter dated June 22, 1976, from the Administrator, Office of Federal Procurement Policy, Office of Management and Budget	16
III Letter dated July 9, 1976, from the Controller, Energy Research and Development Administration	17

APPENDIX**Page**

IV	Letter dated July 26, 1976, from the Assistant Secretary of the Army (Civil Works), Department of the Army	18
V	Letter dated August 10, 1976, from the Assistant Secretary for Administration, Department of Transportation	20
VI	Letter dated August 11, 1976, from the Assistant Secretary-Management, Department of the Interior	21
VII	Principal officials responsible for administering activities discussed in this report	22

ABBREVIATIONS

BPA	Ronneville Power Administration
DOD	Department of Defense
ERDA	Energy Research and Development Administration
FAA	Federal Aviation Administration
FHWA	Federal Highway Administration
GAO	General Accounting Office
LMFBR	liquid metal fast breeder reactor
NASA	National Aeronautics and Space Administration
OMB	Office of Management and Budget
SARS	Selected Acquisition Reports
UMTA	Urban Mass Transportation Administration

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

REPORTING OF SELECTED MAJOR CIVIL
PROJECTS NEEDS IMPROVEMENT
Office of Management and Budget
and Other Federal Agencies

D I G E S T

As of June 30, 1975, the Government was managing more than 460 major civil projects estimated to cost \$184 billion. Most civil agencies prepare reports both for internal management and congressional use, but in most cases, the reports do not include baseline cost, schedule, and performance data.

The Congress, specifically the House and Senate Committees on Appropriations, Government Operations, and authorizing committees should be provided with status reports on selected major civil projects. Such status reports would compare the amount initially authorized by the Congress with the current estimates of cost, schedule, and performance data and explain major variations.

Since 1969 the Department of Defense has provided the Congress with similar information on selected major weapon systems. The Senate and House Committees on Armed Services and Appropriations, primary users of these reports, have long desired information on the progress of major weapon systems, especially in their early acquisition phases, to consider alternative actions. The Committees have said that these reports are valuable management tools and have made recommendations for improving them to better serve their needs.

Having this information for those major projects which require special management attention would provide a way to assess overall program progress and would help when deciding the future directions of the programs.

The Office of Management and Budget is responsible for providing policy and examining agency programs, budget requests, and management activities. On April 5, 1976, the Office issued Circular A-109, a new policy for the acquisition of major systems, which requires agencies to identify early, for the Congress,

the systems' mission needs. The circular, however, does not require direct or periodic reporting of the current cost, schedule, and performance status of major projects to the congressional oversight committees.

GAO recommends that the Office of Management and Budget (1) issue guidelines to all agencies for reporting on selected major projects to appropriate committees of the Congress and (2) monitor implementation of the guidelines by the agencies involved.

GAO believes that the Office's relationship with the executive agencies makes it the most logical focal point for monitoring which programs to report to the Congress and the substance of reports to issue to the appropriate committees.

The Office of Management and Budget does not believe it should require civil agencies to submit status reports to the Congress because only the Senate Armed Services Committee has requested such reporting and then only for selected major weapon systems acquisitions by the Department of Defense. The Office of Management and Budget believes that congressional need for status reports should be determined before establishing such reporting requirements.

Over the past year, committee chairmen and staff members of the Senate Committees on Appropriations, Aeronautical and Space Sciences, and Public Works and the Senate and House Committees on Government Operations have indicated that selected acquisition reports on major civil projects would be useful to the Committees. GAO believes that the Office of Management and Budget could best independently identify those major projects which require special management attention.

Except for the Department of Transportation, each agency discussed in this report generally agreed that improved reporting on the status of projects is needed and said they have, or could easily develop, the necessary data. The Department of Transportation believes that the Office of Management and Budget is

in the process of implementing the substance of our recommendation with the issuance of Circular A-109. However, as stated above, A-109 does not include such reporting requirements.

As a result of specific committee interest, the Washington Metropolitan Area Transit Authority and the National Aeronautics and Space Administration are providing this type of reporting. The Transit Authority issued its first report in January 1976. The report is used both for internal reporting and to advise the House Committee on the District of Columbia on the status of the Metrorail subway construction. This replaces a more voluminous, less informative report. Recently the National Aeronautics and Space Administration also began preparing reports on a pilot basis.

CHAPTER 1

INTRODUCTION

We reviewed various reports prepared on major civil projects by the Corps of Engineers of the Department of the Army; Bureau of Reclamation and Bonneville Power Administration of the Department of Interior; Federal Aviation Administration, Federal Highway Administration, and Urban Mass Transportation Administration of the Department of Transportation; and the Energy Research and Development Administration. Our objective was to determine whether reporting data on major projects could be improved to assist the agencies and congressional committees in decisionmaking.

Since 1969 the Department of Defense (DOD) has periodically reported to the Congress on the status of selected major weapon system acquisitions. The reports, referred to as Selected Acquisition Reports (SARs), have provided the Congress with early planning estimates, later development estimates, and current cost, schedule, and performance information. DOD officials have also used SARs in managing these programs.

The Senate and House Committees on Armed Services and Appropriations are the primary congressional users of SARs. These Committees have long been concerned with acquiring adequate information on the progress of major weapon systems, particularly those in the early phases of the acquisition process when numerous options or further courses of action are still available to the Congress. The Committees have said that SARs are valuable management tools to monitor progress; therefore, the Committees have taken an active interest in and made recommendations for improving SARs to better serve their needs.

The Senate Committee on Appropriations, in its report 93-1104 of August 16, 1974, said that it believed SARs should be improved beginning with establishing criteria and procedures for adding systems to and deleting systems from such reporting. The Committee urged the Secretary of Defense to meet with it at the beginning of each fiscal year to discuss the need for adding new systems and for retaining older systems on SARs. In addition, the Committee made the following recommendations:

1. "Changes in planning and development estimates should not be deleted from subsequent reports. SARs should contain a cumulative record of all estimates so that there is total visibility and trackability from a program's inception."

2. "SARs should show a comparison of cost incurred, schedule milestones attained, and technical performance accomplished with what was originally projected. This will provide some measure as to whether the program is on schedule and within cost."
3. "The ultimate objective of developing and acquiring new weapon systems is to improve our capability to accomplish a particular mission or counter a specific threat. The performance characteristics identified on the SAR should be directly related to the weapon system's planned capabilities and mission requirements and an assessment should be provided stating whether the system is expected to attain the stated capabilities."

The Senate Committee on Armed Services in its report, 93-884, dated May 29, 1974, said that it had requested some improvements in the format and detailed information in SARs and recognized that there were possible additional changes that could be made. The Committee emphasized that SARs are for its use in monitoring weapon system progress and are not expected to include all the information needed to manage the programs.

On request, agencies provide the Office of Management and Budget (OMB) with program and financial plans for special analytical studies on identified issues. Proposed program expansions and new programs are viewed in terms of anticipated measurable benefits. Efforts are made to identify marginal and obsolete activities for which funding should be discontinued. On the basis of OMB's knowledge of agency programs, estimates are prepared indicating a probable range of outlays for each of the major programs and agencies for the next budget. OMB examiners give considerable attention to the bases for agency estimates. The DOD SARs are also submitted to OMB for analysis.

Departments and agencies spend considerable amounts for major civil projects which are potential reporting candidates. Our report dated February 27, 1976, B-182956, identified 467 individual civil projects of 21 Government instrumentalities which were estimated to cost \$184 billion on completion. A uniform threshold of \$25 million was used in the report to define major project acquisitions of civil agencies.

In October 1975 the National Aeronautics and Space Administration (NASA), on a pilot basis, began preparing status reports on selected major projects. We recently reviewed NASA's initial Project Status Reports and are suggesting improvements in the content of the reports.

The Washington Metropolitan Area Transit Authority issued its first report for the METRO subway system in February 1976.

The following is a brief summary of responsibilities and the estimated cost of major projects for each agency included in this review.

CORPS OF ENGINEERS

The Corps of Engineers of the Department of the Army is responsible for the Army's civil works program, the Nation's major Federal water resources development activity. The program involves engineering and constructing dams, reservoirs, levees, harbors, waterways, locks, and other such projects. These projects provide flood protection, navigation, and recreation; supply water for municipal and industrial use; generate hydroelectric power; regulate rivers; protect the shores of oceans, rivers, and lakes; and improve and protect U.S. waters.

The Corps was constructing about 170 major projects as of September 30, 1975, with total estimated Federal costs of \$24 billion. The largest construction project, the Mississippi River channel improvements, is estimated to cost about \$2 billion.

DEPARTMENT OF THE INTERIOR

The Department of the Interior administers over 500 million acres of Federal land and has trust responsibilities for approximately 50 million acres of land, mostly Indian reservations. It also administers the conservation and development of mineral and water resources and the reclamation of arid lands in the West through navigation and manages hydroelectric power systems. We reviewed the reporting practices of two organizations within the Department--the Bureau of Reclamation and the Bonneville Power Administration (BPA).

Bureau of Reclamation

Major functions of the Bureau of Reclamation include

- investigating and developing plans for regulating, conserving, and using water and related land resources;
- researching to develop maximum use of water resources, including weather modification; and
- settlement of public or acquired lands on Bureau projects.

As of June 30, 1975, the Bureau had 47 major projects in progress, with total estimated costs of \$10.8 billion.

Bonneville Power Administration

BPA markets electric power and energy generated from Federal hydroelectric projects constructed and operated by the Corps of Engineers and Bureau of Reclamation in the Pacific Northwest. BPA also constructs and operates lines for transmitting the power.

BPA had six projects in progress as of June 30, 1975, with estimated costs of \$405 million. Through fiscal year 1975, construction of BPA's projects had been financed with appropriated funds. Effective October 18, 1974, the Congress authorized BPA to self-finance its projects with revenues from power-marketing operations and from bonds. New major projects for transmission facilities are still required to be approved by the Congress.

DEPARTMENT OF TRANSPORTATION

The Department of Transportation coordinates Federal transportation programs through seven operating administrations. We reviewed reports on major projects prepared by the Federal Aviation Administration (FAA), the Federal Highway Administration (FHWA), and the Urban Mass Transportation Administration (UMTA).

Federal Aviation Administration

FAA is responsible for aviation safety, promoting civil aviation and a national system of airports, achieving efficient use of navigable air space, and developing and operating a common system of air traffic control and air navigation for both civilian and military aircraft.

FAA had five major acquisitions in progress as of June 30, 1975, with a total estimated cost of \$855 million.

Federal Highway Administration

FHWA is responsible for coordinating highways with other modes of transportation and is concerned with highway safety.

FHWA's major project is the 42,500-mile National System of Interstate and Defense Highways. This program is financed 90 percent by the Federal Government and 10 percent by the States. As of June 30, 1975, we estimated the system would cost \$99.8 billion at completion. Another large project,

the Darien Gap Highway in Central America, is estimated to cost \$254 million to complete.

Urban Mass Transportation Administration

UMTA assists in developing improved mass transportation facilities, equipment, techniques, and methods; encourages the planning and establishment of areawide urban mass transportation systems; and assists State and local governments in financing such systems.

UMTA had 42 major projects in progress as of June 30, 1975, with a total estimated cost of \$3.8 billion. Thirty-nine projects are carried out under grants to other Government entities, and three are being carried out under contracts.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

The Energy Research and Development Administration (ERDA) was established by the Energy Reorganization Act of 1974 (Public Law 93-438) to consolidate and direct Federal research and development of the various sources of energy. The act abolished the Atomic Energy Commission and transferred energy research and development to ERDA.

ERDA had 26 major projects in progress as of June 30, 1975, with an estimated cost of \$5.6 billion.

CHAPTER 2

CURRENT REPORTING ON MAJOR PROJECTS:

HOW IT CAN BE IMPROVED

A summary of the data reported by each of the seven agencies on major project acquisitions is shown in appendix I. Selected projects are discussed below to show how the value of the additional information and improved reporting would aid both congressional and agency decisionmakers.

CORPS OF ENGINEERS

The Corps prepares two reports containing information on major acquisitions. The reports do not include baseline cost, schedule, or design data.

The Harry S. Truman Dam and Reservoir project was authorized by the Congress in 1954, and construction funds were first appropriated in 1965. At that time, the Corps estimated that the project would cost \$149.5 million and that it would be completed in 1971.

The Corps, in the project status report supporting its fiscal year 1976 appropriation request, estimated the total cost of the Harry S. Truman Dam and Reservoir to be \$385 million. The report states that this amount is an increase of \$53 million over the preceding estimate submitted to the Congress. It also states that the estimated completion date for the project is June 1980.

Because the Corps' report excludes baseline estimates, comparison cannot readily be made with current data. As a result, the report does not show that the project cost increased \$235.5 million and that the schedule slipped a total of 9 years. In addition, the reasons for the changes are not explained.

We were told that the cost increases were due to price-level increases, design changes, estimate refinements, and environmental factors. The Corps attributed one-half of the schedule change to planning delays and the other half to budgetary restrictions.

According to a Corps official, baseline data is available and can be provided to the cognizant congressional committees if requested. This official noted that the Corps had 170 active major projects at June 30, 1975. He indicated that preparing these reports more frequently than once a year would considerably increase the Corps' workload.

We recognize that it would be an unrealistic burden to prepare 170 reports and believe that the agency head should require status reporting only on those selected major Corps projects which allocate relatively large resources and which warrant special management attention.

BUREAU OF RECLAMATION

The Bureau prepares two reports on its major projects. Neither report includes baseline cost and schedule milestones, and one provides only partial information on baseline or required performance characteristics.

In August 1965 the Congress authorized the Garrison Diversion Unit, a multipurpose water resources development project in North Dakota. At that time the Bureau estimated the project would cost \$207 million. There was no change in the estimate at the time construction funds were appropriated in fiscal year 1967.

In the data sheets supporting the fiscal year 1976 budget submission, the Bureau estimated that this project would cost \$468 million. The Bureau gave the reasons for the increase of \$62 million from the \$406 million estimate supporting the fiscal year 1975 budget submission, but it did not explain the increase of \$199 million from the \$207 million 1965 baseline estimate. It would be necessary to examine a series of budget submissions to obtain this information.

In the fiscal year 1976 data sheets, the Bureau shows that the estimated completion dates for various phases of the Garrison Diversion Unit range from 1979 to 1987. No original estimated completion dates are shown. Consequently, it cannot be determined whether there has been any change in the original schedule.

A Bureau official said that sometimes delays occur between congressional authorization of a project and appropriation of funds to start construction. He explained that invariably there is a cost increase between project authorization and appropriation of funds due to such factors as inflation and that in his opinion the cost estimate at the time the project was authorized should not be reported.

We believe the construction estimate should be shown and used as the baseline against which current estimates are measured. Also, the estimate at the time funds were originally appropriated should be disclosed.

The Bureau official said that changes in cost between the current estimate and the previous year's estimate were

explained in the project data sheets. We believe that a summary explanation of all changes since the baseline estimates were established and a detailed explanation of the changes since the previous budget submission are needed in one report for those major projects which warrant special management attention. This would eliminate the need to review a series of budget documents to determine where the project stands in relation to its baseline goals.

According to the Bureau official, additional cost information will be included in project data sheets beginning in fiscal year 1977.

BONNEVILLE POWER ADMINISTRATION

Information on the status of BPA's projects is provided to the Congress in its annual budget submission. In addition, four status reports are submitted to top management.

In its annual budget document, BPA explains major changes in cost, schedule, and design characteristics from the document for the previous year. The reader, however, cannot determine changes from the estimates originally approved without referring to earlier budget documents. For example, the fiscal year 1976 budget document for the Grand Coulee-Daver transmission lines project shows that the current cost estimate is \$100 million and that this is an increase of \$22 million over the \$78 million estimate for the previous year. It would be necessary to refer to earlier budget documents to determine that the project cost has increased an additional \$6 million from the \$72 million baseline estimate.

A BPA official said that the information necessary to prepare a consolidated report on the status of projects was available and that BPA could furnish such a report to the Congress.

FEDERAL AVIATION ADMINISTRATION

Information on major acquisitions is provided to the Congress in FAA's annual budget submission. In addition, four other reports are submitted to top management. No one report contains complete baseline and current data on the project, but if each of the reports is examined, the status of any FAA project in relation to original plans can be determined. If all information was contained in a single report it would provide greater visibility. For example, in 1965 FAA's baseline cost estimate for the National Airspace System, stage A, was \$212 million. FAA reported that the estimated cost was \$619 million as of June 30, 1975.

Because the baseline and current cost estimates are not presented to the Congress or to top management in one report, the cost increase of over \$400 million and the reasons for it cannot be readily identified.

FAA officials agreed that a single report on each major project, showing both baseline and current data and explaining changes, would be more informative than present reports. They said it should not be difficult to prepare such a report because the data necessary to do so is already in FAA's information system.

FEDERAL HIGHWAY ADMINISTRATION

FHWA submits reports to the Congress on the National System of Interstate and Defense Highways as required by governing legislation (23 U.S.C. 104). The reports are supported by 50 individual State reports. It also submits annual budget estimates to the Congress for the Darrien Gap Highway project. The report on the National System of Interstate and Defense Highways does not contain baseline cost or schedule estimates. We believe the report would be more informative if such data was included.

Our report entitled "Cost and Problems of Completing the Interstate Highway System," issued to the Congress in September 1975, discusses costs incurred, the estimated cost to complete, and problems delaying construction of the system. The report notes that the Federal-Aid Highway Act of 1956 authorized funds over a 13-year period for constructing a 41,000-mile system. In 1958 FHWA estimated that the total cost of a 38,548-mile system would be about \$37.6 billion. As of January 1, 1974, FHWA estimated that a 42,500-mile system would cost about \$89.2 billion, an increase of \$51.6 billion over the 1958 estimate. In addition, the estimated completion dates range from 1983 to beyond the year 2000. We updated FHWA's estimate for construction price increases and as of June 30, 1975, estimated that the interstate system would cost \$99.8 billion.

FHWA's reasons for increased costs are also disclosed in our report. These include \$15.1 billion for construction price increases; \$8.5 billion for mileage increases and system adjustments; \$8.3 billion for upgrading roadway and structure designs; \$3.7 billion for social, economic, and environmental requirements; and \$2.4 billion for traffic forecast changes, four-lane minimum, and added lanes.

FHWA officials told us that the Congress has generally specified the frequency and type of report desired for major highway programs. They added that, although reports issued

on the interstate system do not include comparisons of current costs with original estimates made about 20 years ago, they do compare the most current estimates with previous reports and give reasons for cost increases. In view of the wide circulation of cost increase information and the availability of all previous reports, the FHWA officials said that the Congress has been adequately advised of interstate program cost increases.

The FHWA officials said that if the type report we are recommending is adopted, biennial reporting would suffice.

We believe that annual status reports on selected major remaining segments of the interstate system to be completed would keep the Congress and FHWA top management more informed of the status of major segments of the program. Also, a summary-type status report would eliminate the need to review previous reports to determine where the program stands in relation to its baseline goals.

URBAN MASS TRANSPORTATION ADMINISTRATION

UMTA's annual budget submission to the Congress includes information on major research, development, and demonstration projects but not on specific capital grant projects. In addition, UMTA periodically prepares reports on major projects for management's use.

UMTA's budget submissions do not include original project cost, schedule, or performance data. Internal reports include original schedule data but not original cost and performance data.

In August 1968 the City and County of San Francisco Public Utilities Commission applied to UMTA for a \$34 million Federal grant to assist in financing a \$51 million project over a 5-year period. The grant application provided for the purchase of 600 motorcoaches, 160 electric coaches, 100 single or 60 articulated-type transit cars, and 50 minibuses.

As of June 30, 1975, UMTA had made grants totaling \$40.7 million to the Public Utilities Commission for 400 motorcoaches, 210 new electric coaches, 11 used streetcars, 80 transit cars, 1 used motorcoach, and 20 30-foot diesel buses. The total estimated cost of the project had increased to \$61.8 million.

If the cost and quantities shown in the grantee's application were included in UMTA reports, they could readily be compared with current cost and quantities. This would enable the reader to ascertain the grantee's progress in implementing original plans.

UMTA officials told us they could prepare status reports for those projects carried out under contract--such as the Morgantown Personal Rapid Transit System. They said it would be difficult to prepare status reports on grant projects since all the necessary data is not in UMTA's information system.

We believe that the grantee's original cost and quantity estimates could be made part of UMTA's information system at least for those major projects which warrant special management attention without placing an unreasonable administrative burden on UMTA.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

In September 1975 ERDA initiated the DOD status reporting system for major reactor research and development projects and programs. ERDA said that it is having difficulty adopting this system to the liquid metal fast breeder reactor (LMFBR) program in the area of performance characteristics. According to ERDA, the scope of the program (to develop, design, build, license, and operate a LMFBR commercial power plant in cooperation with the utility industry) is clear but the specific performance characteristics and design features of the plant are generally self-imposed and may evolve with the design.

ERDA issues numerous other reports to the Congress and to agency management on the status of major projects. ERDA reports generally include baseline and current cost and schedule information. The reports usually address changes to project scope and major performance characteristics on an exception basis. When scope and performance characteristics are unchanged, they are not repeated or an affirmative statement is not made that these parameters are unchanged.

ERDA said that it complies with the intent of our suggestions concerning periodic status reports on major acquisitions. According to ERDA, it would not object to stating in reports to the Congress that performance characteristics are unchanged where such is the case.

CHAPTER 3

CONCLUSIONS, AGENCY COMMENTS, AND RECOMMENDATION

CONCLUSIONS

The civil agencies we reviewed prepare reports both for internal management and congressional use. In most cases, the reports do not include baseline cost, schedule, and performance data.

We believe that a report showing baseline data and current estimates will provide improved visibility over the status of major projects thereby alerting the Congress and agency officials to the full magnitude of cost increases, schedule delays, and performance problems. It will also provide a summary explanation of the changes between baseline and current estimates, a more detailed explanation of the changes since the previous report, and a means of measuring agency progress in meeting program goals. The availability of this information in a report for those major projects which require special management attention will provide decisionmakers with a means of assessing overall program progress and aid in decisionmaking regarding the future direction of the program. Most civil agency officials we interviewed told us they have or could easily develop the data needed to prepare selected summary status reports.

AGENCY COMMENTS

The Office of Management and Budget is responsible for providing policy leadership and examining agency programs, budget requests, and management activities. On April 5, 1976, OMB issued Circular A-109, a new policy for the acquisition of major systems, which requires agencies to provide the Congress early identification of mission needs. The circular, however, does not impose a requirement for periodically reporting the cost, schedule, and performance status of major acquisitions directly to the congressional oversight committees.

OMB does not believe it should require civil agencies to submit status reports to the Congress because only the Senate Armed Services Committee has requested such reporting and then only for selected major weapon system acquisitions by the Department of Defense. OMB believes that congressional need for status reports should be determined before establishing such reporting requirements.

Over the past year, Committee Chairmen and staff members of the Senate Committees on Appropriations, Aeronautical and Space Sciences, and Public Works and the Senate and House Committees on Government Operations have indicated that selected acquisition reports on major civil projects would be useful to the Committees. We believe that OMB could best independently identify those major projects which require special management attention.

With the exception of the Department of Transportation, each of the agencies discussed in this report generally concurred in the need for improved status reporting and told us they have or could easily develop the necessary data. The Department of Transportation believes that OMB is in the process of implementing the substance of our recommendation with the issuance of Circular A-109. However, as stated above, A-109 does not include such reporting requirements.

RECOMMENDATION

We believe that the Congress, specifically the House and Senate Committees on Appropriations, Government Operations, and authorizing committees, should be provided with status reports on selected major civil projects before submission of the annual budget. Such status reports would compare the amount initially authorized by the Congress with the current estimates of cost, schedule, and performance data and explain major variations shown by the comparison.

We also believe that OMB's relationship with the executive agencies makes it the most logical focal point for monitoring the selection of programs for reporting and the substance of reports for issuance to the appropriate committees. Therefore, we are recommending that the Director of OMB issue guidelines to civil agencies for reporting on selected major projects to appropriate committees of the Congress and monitor the implementation by the executive agencies involved.

DATA CURRENTLY BEING REPORTED ON MAJOR PROJECTS

<u>Report, recipient, and frequency</u>	<u>Baseline data</u>			<u>Current data</u>		
	<u>Cost</u>	<u>Schedule</u>	<u>Design or performance characteristics</u>	<u>Cost</u>	<u>Schedule</u>	<u>Design or performance characteristics</u>
Corps of Engineers:						
1. Detailed Project Schedule, for management, three times a year	no	no	no	yes	partial	no
2. Annual Project Status Report, to the Congress, annually	no	no	no	yes	yes	yes
Bureau of Reclamation:						
1. Summary Cost and Progress Report, for management, annually and quarterly	no	no	no	yes	no	no
2. Project Data Sheet, to the Congress, annually	no	no	partial	yes	yes	partial
Bonneville Power Administration:						
1. Construction Project Authorization, for management, before construction and as changed	yes	yes	yes	yes	yes	yes
2. Construction Program Schedule, for management, annually	no	yes	no	yes	yes	no
3. Construction Program Schedule Revisions (when revising data in original Construction Program Schedule), for management	no	no	no	<u>1/</u> yes	<u>1/</u> yes	<u>1/</u> yes
4. Cost Forecast, for management, annually	no	no	no	yes	no	no
5. Budget Estimate, to the Congress, annually	no	no	no	<u>2/</u> yes	<u>2/</u> yes	<u>2/</u> yes
Federal Aviation Administration:						
1. Advanced Procurement Plan, for management (note 3)	yes	yes	yes	n/a	n/a	n/a
2. Acquisition Status Report, for management, recurring but irregular basis	yes	yes	yes	no	yes	no
3. Facilities and Equipment Project Status Report, for management, as requested	no	yes	no	no	no	no
4. Progress Summary Report, for management, monthly	no	yes	no	yes	yes	no
5. Budget estimates, to the Congress, annually (note 4)	no	no	yes	yes	no	yes

Notes on page 15 are an integral part of this appendix.

Report, recipient, and frequency (continued)	Baseline data			Current data		
	Cost	Schedule	Design or performance characteristics	Cost	Schedule	Design or performance characteristics
Federal Highway Administration:						
1. Revised Estimate of Cost of Completing the National System of Interstate and Defense Highways, to the Congress, periodically (note 3)	no	no	partial	yes	no	partial
2. Budget Estimates--Darrien Gap Highway, to the Congress, annually	yes	no	no	yes	no	no
Urban Mass Transportation Administration:						
1. Project Justification, for management, irregular basis	no	no	no	no	no	no
2. Program Status, for management, irregular basis	no	yes	no	no	yes	no
3. Research and Development Fact Sheet, for management, irregular basis	no	yes	no	yes	yes	yes
4. Budget Estimates, to the Congress, annually	no	no	no	yes	yes	yes
Energy Research and Development Administration:						
1. Construction Project Highlights, for management, monthly	yes	yes	(6)	yes	yes	(6)
2. Quarterly Status of Construction Projects, for management	yes	yes	(6)	yes	yes	(6)
3. Status of Construction Projects and other Data for Use in Conjunction with Fiscal Year 19__ Authorization Bill, to the Congress, semi-annually	yes	yes	(6)	yes	yes	(6)
4. Status of Major Construction Projects Experiencing Significant Variances, to the Congress, semi-annually	yes	yes	(6)	yes	yes	(6)
5. Correspondence and Reports on specific major changes to project scope, technical features, cost or schedule, to the Congress, as appropriate	(7)	(7)	(7)	(7)	(7)	(7)

1/Information shown only for data being revised.

2/Significant changes from the previous year are noted.

3/Report issued prior to any procurement of \$10 million or more.

4/In addition, information on major programs is provided in response to specific congressional inquiries.

5/The last two reports were submitted in 1972 and 1975.

6/Information on design and performance characteristics is included in these reports only when the characteristics change.

7/Issued when specific data is being revised. For example, if cost is being revised, the report will show only baseline and current cost data.



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

OFFICE OF FEDERAL
PROCUREMENT POLICY

JUN 22 1976

Mr. Victor L. Lowe
Director, General Accounting
Division
U.S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Lowe:

The Director has asked me to respond to your letter of May 5, 1976, requesting OMB's review and comment on "Improved Reporting Needed on the Status of Selected Major Civil Acquisitions."

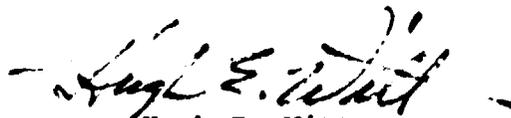
OMB does not agree with the report's recommendation that OMB require civil agencies to submit selected acquisition reports to Congress. Only the Senate Armed Services Committee has requested such reporting and only for selected major weapon system acquisitions by the Department of Defense. OMB has not specified such reporting by any executive branch agency.

OMB has taken steps, however, to significantly improve agency communications with Congress on major systems. OMB Circular No. A-109, "Major System Acquisitions," issued April 5, 1976, requires all agencies involved in major system acquisitions to provide to Congress early identification of mission needs. This, coupled with the presentation of the budget in terms of agency missions beginning in fiscal year 1979 (as added by the Congressional Budget Act of 1974) will provide additional information to Congress on major systems. A timed-phased plan for implementing Circular A-109 is required from each agency involved in major systems by October 5, 1976.

For these reasons, we believe that GAO should verify with the congressional committees the need for such special reporting before recommending it be established.

Thank you for the opportunity to review and comment on this report.

Sincerely,


Hugh E. Witt
Administrator



UNITED STATES
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION
WASHINGTON, D.C. 20545

JUL 9 1976

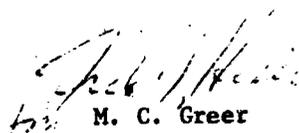
Mr. Monte Canfield, Director
Energy and Minerals Division
U.S. General Accounting Office

Dear Mr. Canfield:

Thank you for the opportunity to review and comment on the draft report entitled "Improved Reporting Needed on The Status of Selected Major Civil Acquisitions."

We have reviewed the report as it pertains to ERDA, and also the conclusions and recommendations. We recognize that the incorporation of information on design and performance characteristics in the construction reports may require some additional work. However, we have no basis for objecting to GAO's recommending that the information be included in the reports. In fact, we are of the opinion that ERDA's present reporting is basically consistent with the intent of the GAO recommendations.

Sincerely,


M. C. Greer
Controller





DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, D.C. 20310

26 JUL 1976

Mr. Henry Eschwege
Director, Resource and Economic Development
Division
General Accounting Office
Washington, D. C. 20548

Dear Mr. Eschwege:

The Secretary of Defense has asked me to respond to your request for comments on GAO draft report (assignment code 951167), "Improved Reporting Needed on the Status of Selected Major Civil Acquisitions" (OSD Case #4375).

We have reviewed the report and agree there is a need for improved reporting.

The Army Corps of Engineers currently is developing formats which would display changes in cost estimates of Civil Works projects which occur from the time of authorization through initiation of construction and extending through the period of construction. This information on changes in project cost estimates, together with explanations of the changes, could be used, as stated in your report, to supplement budget estimates submitted to Congress.

Appendix II of the draft report, "Principal Officials Responsible for the Administration of Activities Discussed in This Report," is incomplete. According to Section 211(a) of the Flood Control Act of 1970, "the Assistant Secretary of the Army for Civil Works ... shall have as his principal duty the overall supervision of the functions of the Department of the Army relating to programs for conservation and development of the national water resources including flood control, navigation, shore protection and related purposes." It would be appropriate to reflect this provision of law in Appendix II.



Mr. Henry Eschwege

I appreciate the opportunity to review and comment on the draft report.

Sincerely,



Victor V. Veysel
Assistant Secretary of the Army
(Civil Works)



OFFICE OF THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

ASSISTANT SECRETARY
FOR ADMINISTRATION

August 10, 1976

Mr. Henry Eschwege
Director
Community & Economic Development
Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Eschwege:

This is in response to your request for comments on your draft report dated May 25, 1976, entitled "Improved Reporting Needed on the Status of Selected Major Civil Acquisitions." The report recommends that the Director, Office of Management and Budget, require that civilian agencies, where appropriate, submit selected acquisition reports (SAR) at least annually to the Congress.

On April 5, 1976, the Office of Management and Budget (OMB) issued Circular No. A-109, entitled "Major System Acquisitions." Portions of the Circular require each agency to establish "relative dollar thresholds for major acquisitions; maintain the ability to predict cost of ownership; assess acquisition cost, schedule, and performance experience against prediction; and provide these assessments for consideration by the agency head at key decision points." As part of the effort, OMB plans to consult with various committees of Congress having oversight responsibility for agency activities to determine what information Congress requires. OMB requires each agency to submit time phased plans to implement Circular A-109 by October 1976.

The Department of Transportation feels OMB is in the process of implementing the substance of the GAO recommendation with the issuance of Circular A-109, which requires each agency to predict, review, and assess cost, schedule, and performance experience against predictions. We have no objection to reports on such matters, when fully developed and validated, being released to Congress, where the reports provide significant additional information over that presently reported, provided duplicative reporting requirements are eliminated. In view of present OMB action on Circular A-109, we feel no action should be taken on the recommendations in the subject report at this time.

Sincerely,

William S. Heffelfinger
for William S. Heffelfinger



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

AUG 11 1976

Mr. Henry Eschwege
Director, Community and
Economic Development Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Eschwege:

This responds to your draft report, "Improved Reporting Needed on the Status of Selected Major Civil Acquisitions."

The Department concurs in your recommendation to include baseline and current cost estimates in selected acquisition reports to be submitted to the Congress at least annually. The expanded reporting will not be a burden and should be more informative. In fact, the Bureau of Reclamation has already developed a new reporting format to the Congress which incorporates the important features of your recommendation.

Comments of the Bureau of Reclamation and the Bonneville Power Administration are enclosed for your information.

Sincerely,

Assistant Secretary - Management

Enclosures

NOTE: Comments of the Bureau of Reclamation and the Bonneville Power Administration are summarized in the Department's response and are not included herein.



PRINCIPAL OFFICIALS
RESPONSIBLE FOR ADMINISTERING
ACTIVITIES DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
<u>OFFICE OF MANAGEMENT AND BUDGET</u>		
DIRECTOR:		
James T. Lynn	Feb. 1975	Present
<u>DEPARTMENT OF DEFENSE</u>		
SECRETARY OF DEFENSE:		
Donald H. Rumsfeld	Nov. 1975	Present
James R. Schlesinger	July 1973	Nov. 1975
DEPUTY SECRETARY OF DEFENSE:		
William P. Clements, Jr.	Jan. 1973	Present
<u>DEPARTMENT OF THE ARMY</u>		
SECRETARY OF THE ARMY:		
Martin R. Hoffmann	Aug. 1975	Present
Howard H. Callaway	June 1973	July 1975
ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS):		
Victor V. Veysey	Mar. 1975	Present
CHIEF OF ENGINEERS:		
Lt. Gen. W. C. Gribble, Jr.	Aug. 1973	Present
<u>DEPARTMENT OF TRANSPORTATION</u>		
SECRETARY OF TRANSPORTATION:		
William T. Coleman, Jr.	Mar. 1975	Present
Claude S. Brinegar	Feb. 1973	Mar. 1975
ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION:		
John L. McLucas	Nov. 1975	Present
James E. Dow (acting)	Apr. 1975	Nov. 1975
Alexander P. Butterfield	Mar. 1973	Apr. 1975

<u>Tenure of office</u>	
<u>From</u>	<u>To</u>

DEPARTMENT OF TRANSPORTATION (cont.)

ADMINISTRATOR, FEDERAL HIGHWAY

ADMINISTRATION:

Norbert T. Tiemann	May 1973	Present
--------------------	----------	---------

ADMINISTRATOR, URBAN MASS

TRANSPORTATION ADMINISTRATION:

Robert E. Patricelli	Aug. 1975	Present
Judith T. Connor (acting)	July 1975	Aug. 1975
Frank C. Herringer	Feb. 1973	July 1975

DEPARTMENT OF THE INTERIOR

SECRETARY OF THE INTERIOR:

Thomas S. Kleppe	Oct. 1975	Present
D. Kent Frizzell (acting)	May 1975	Oct. 1975
Rogers C. B. Morton	June 1971	May 1975

ASSISTANT SECRETARY, ENERGY AND
MINERALS:

Jack W. Carlson	Aug. 1974	Present
-----------------	-----------	---------

DIRECTOR, BONNEVILLE POWER

ADMINISTRATION:

Donald P. Hodel	Dec. 1972	Present
-----------------	-----------	---------

ASSISTANT SECRETARY, LAND AND
WATER RESOURCES:

Jack O. Horton	Mar. 1973	Present
----------------	-----------	---------

COMMISSIONER OF RECLAMATION:

Gilbert G. Stamm	May 1973	Present
------------------	----------	---------

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

ADMINISTRATOR:

Robert C. Seamans, Jr.	Jan. 1975	Present
------------------------	-----------	---------