

ILLUSTRATION 6

SAMPLE MANAGEMENT CONTROL EVALUATION CHECKLIST

FUNCTION. The function covered by this checklist is Civil Works Budget Development.

PURPOSE. The purpose of this checklist is to assist programs management organizations in USACE major subordinate commands (MSC) and districts in evaluating key management controls in development of their annual program requests. It is not intended to cover all controls.

INSTRUCTIONS. Become thoroughly familiar with the contents of the Program EC and read paragraph 16 before completing the checklist. Answers must be based on the actual testing of key management controls (such as document analysis, direct observation, sampling, simulation, other). Answers which indicate deficiencies must be explained and corrective actions indicated in support documentation.

TEST QUESTIONS:

1. Are funding schedules continuously reviewed and adjusted to reflect Congressional actions, the local sponsors' financial capability, and project progress?

Tested by: Sampling of Project Management PB 3's and PB 6's, review of P2 schedules, comparing factsheets and justification sheets, and following items thru to OFA multi year schedules. Also, used was direct observation, participation of the 2101 preparation, and participation in the funding process with the Chief of Program and Projects Branch, Chief of Planning Branch, Chief of Civil Programs Section, Chief of Civil Projects Section, Program and Project Managers, and Appropriation Managers.

Response: YES__X__ NO____NA____

Remarks: a) Funding schedules are updated to reflect Congressional actions in the Oracle Financial Analyzer (OFA) system's 2101 and Program Budget System (PBS) sections. b) Funding schedules are updated to reflect the local sponsor's financial capability when the Project Management Plan (PMP) is updated. c) Progress schedules are revised and updated in Primavera's Milestones area. Project Management Plans (PMP) are updated yearly as a minimum. Funding schedules for obligation and expenditures are monitored monthly during the completion and submission of upward execution / deviation reports, and at Line Item Reviews (LIR's) Project Review Board meetings (PRB's). If project progress changes, the funding schedules are changed in the Primavera project data base on the current level. PB-3s and PB-6s will be updated annually. Five Year Development Plans are updated annually. In OFA system see back up: GI 2101, P drive has PRB records and copies of the PB3's and PB6's.

2. Does development of the multi-year programs follow the guidance included in the applicable appendices of the Program EC?

Tested by: Direct observation of the Construction General's program development; and, participation in the General Investigation's program development for FY11 thru FY2020.

Response: YES__X__ NO____NA____

Remarks: The multi-year program, FYDP (five year development plan), follows the year-to-year guidance. The Chief of Civil Programs, the appropriation managers, and business line managers review the Program EC each year and through coordination with the MSC, ensure the applicable guidance is EC 11-2-200 31 Mar 11

followed and required budget documents are prepared. The Primavera project and OFA data base stores the data in the PBS area, also now called the multi year Data Entry Forms (DEF) in the OFA system.

3. Are alternative multi-year program proposals fully documented?

Tested by: Direct observation of the Construction General's program development and participation in the General Investigation's program development for FY11 thru FY2020.

Response: YES__ X __NO ____NA ____

Remarks: The appropriation managers maintain budget and capability multi year programs in their files, copies on the shared P: Drive and the Corps OFA database. Project and program managers develop a full study plan with their initial study/project plan and update it yearly and develop 10 year capability plans for their projects yearly. Current year is incrementally specified in work packages. The FYDP was submitted for ongoing projects in the president's budget in early July of 2009. P:\PM-Public\CIVIL\FY_budget_comparison

4. Is the multi-year Capability program independent of the other programs, yet consistent with Army policy and approved project cooperation agreements?

Tested by: Direct observation of the Construction General's program development and participation in the General Investigation's program development for FY10 thru FY2020.

Response: YES_ X ____NO ____NA ____

Remarks: Capability for each program is developed independently of each program however consistent with another program in the sense that if a GI funding capability is scheduled to complete an activity, then the construction project is continued with capability in CG appropriation. Capability budgets for the budget year are split into funding/work segments. The segments show work that can be completed for each level of funding, per guidance. Capability program is developed assuming unconstrained resources as mentioned in the guidance below:

"Although project and study capabilities reflect the readiness of the work for accomplishment, they are in competition for available funds and manpower Army-wide. In this context, the FY capability amounts shown consider each project or study by itself without reference to the rest of the program. However, it is emphasized that the total amount proposed for the Army's Civil Works Program in the President's budget for FY is the appropriate amount consistent with the Administration's assessment of national priorities for Federal investments. In addition, the total amount proposed for the Army's Civil Works Program in the President's Budget is the maximum that can be efficiently and effectively used. Therefore, while we could utilize additional funds on individual projects and studies, offsetting reductions would be required in order to maintain our overall budgetary objectives."

5. Have the "Class 1" rates of Table 1, "PY Program, Cost Estimate Updating," been applied to the pay-related costs for Civilian employees when preparing PB3a's and PB6's?

Tested by: Sampling: M-CACES Total Project Cost Summary and interview with Chief of Cost Engineering.

Response: YES__ X __NO ____NA ____

Remarks: These inflation factors are included in the M-CACES database and are used to prepare the PB3's and PB6's. Training for PB3's/6's was conducted in Feb 2009 for Civil Programs and Project Branch and Planning Branch. Cost estimating focus for FY11 has been increased, preparation exceeded previous years' efforts. PB3's and PB6's were completed using the Table in June 2009. EC 11-2-200 31 Mar 11

6. Have the "Class 2" rates of Table 1, "PY Program, Cost Estimate Updating," been used to update costs for consultants and AEs used in the various preconstruction planning and construction stages of work when preparing PB3a's and PB6's?

Tested by: Sampling: M-CACES Total Project Cost Summary and interview with Chief of Cost Engineering.

Response: YES__ X __NO__NA__

Remarks: These inflation factors are included in the M-CACES database and are used to prepare the PB3's and PB6's. Training for PB3's/6's was conducted in Feb 2009 for Civil Programs and Projects and Planning.

PB3's and PB6's were completed using the Table in June 2009

7. Have the "Class 1" and "Class 2" rates of Table 1, "PY Program, Cost Estimate Updating," been used for the period PY-1 through PY+19 for all activities when preparing PB3a's and PB6's?

Tested by: Sampling: M-CACES Total Project Cost Summary and interview with Chief of Cost Engineering.

Response: YES_ X __NO__NA__

Remarks: These inflation factors are included in the M-CACES database and are used to prepare the PB3's. Training for PB3's/6's was conducted in Feb 2009 for Civil Programs and Projects and Planning. PB3's were completed using the Table in June 2009 for all CG projects.

8. Has the procedure in Footnote 8 of Table 1, "PY Program, Cost Estimate Updating," been used to determine rates for use in updating cost estimates beyond PY+19?

Tested by: Validated during an interview with the Chief of Cost Engineering & O&M appropriation manager. Seattle district has no projects planned beyond PY+19.

Response: YES__NO__NA__ X __

Remarks: All table rules have been followed during PB3 prep however; Seattle district has no projects planned beyond PY+19.

9. Are the appropriate discount rates being used to compute the benefit-cost ratios of projects?

Tested by: Sampling.

Response: YES_ X __NO__NA__

Remarks: The staff economists are provided with the appropriate discount rates, which they use to compute the benefit-cost ratios for the projects. Their computations are reviewed during the Independent Technical Review of the project documents. NWD has a regional team of economists which will ensure consistent, thorough, and proper economics for our projects. Benefit-to-cost ratios are updated as needed as part of the budget development metrics data collection activities. Centralia's BC ratios were updated in preparation for signing the PED agreement with the State of WA. Signed June 20, 2008. EC 11-2-200 31 Mar 11

10. Is the approval date of the latest economic analysis in accordance with the Program EC?
a. For construction and PED new starts - not more than three years older than the date of the budget submission to HQUSACE?

Tested by: Sampling; No construction new starts.

Response: YES___ X ___ NO_____ NA

Remarks: No continuing construction or PED new starts.

b. For continuing construction and PEDs - not more than five years older than the date of the budget submission to HQUSACE?

Tested by: Sampling

Response: YES ___ NO _____ NA___ X ___

Remarks: We have no continuing PED in PY's budget. As stated above, our only PED BC ratio was recently updated in prep of PED agreement signing.

11. Were benefit-cost ratio computations based on benefits in the latest approved economic analyses, were current project costs deflated to the price levels of such benefits, and were all review and certification requirements met?

Tested by: Sampling.

Response: YES___ X ___ NO_____ NA_____

Remarks: The staff economists are provided with the appropriate discount rates, in the budget EC, that they use to compute the benefit-cost ratios for the projects. Their computations are reviewed during the Independent Technical Review of the project documents. Also, NWD has a regional team of economists that ensure consistent, thorough, and proper economics. Benefit-to-cost ratios are updated by District economists as needed for the development of the budget.

12. Are new start recommendations justified based on National Economic Development (NED) benefits, or responsive to restoration and protection of environmental resources, including fish and wildlife habitat, i. e., inland and coastal wetlands, other aquatic and riparian habitat?

Tested by: Direct observation. Validated by the Chief of Planning and interview with NWS economist, no new starts.

Response: YES_____ NO_____ NA X ___

Remarks: No new start projects submitted. Five new start studies Pt. Townsend, Kootenai, Sauk, Swift Creek, and South Fork of the Coeur D'Alene, have been recommended by the District; also Stillaguamish was recommended to resume, however, no new start projects have been recommended. When new start projects are recommended the economics are soundly prepared, documented in the project reports, independently reviewed, and approved by the appropriate levels in our organization. Economics are not needed when in the new start study phase.

13. Do recommended new construction starts have firm M-CACES baseline cost estimates?

Tested by: Validated during an interview with the Chief of Cost Engineering. EC 11-2-200 31 Mar 11

Response: YES ____ NO ____ NA ____ X ____

Remarks: No new starts however, M-CACES cost estimates are prepared and reviewed in accordance with the project P2 schedule. The project cost estimate is revised, as necessary, taking into account changes in scope and/or schedule. M-CACES receive appropriate technical review, including review by Walla Walla District, the Center of Expertise, and are signed by Ch, Cost Estimating.

14. Have new start recommendations been screened according to the criteria established in the Program EC?

Tested by: Direct observation. Validated by the Chief of Planning Branch, no new starts. Stillaguamish Ecosystem was a recommended resumption and has a chief's report.

Response: YES ____ NO ____ NA ____ X ____

Remarks: When there are new starts, the Chief of Program and Projects Branch, Chief of Civil Programs Section, Chief of Planning Branch, and the program, project, and appropriation managers review the budget EC with each new start proposal to ensure consistency with policy.

15. Are data in the Construction and Investigations illustrations compatible, showing that:
a. Construction capability is shown for the fiscal year following PED completion?

Tested by: Direct observation

Response: YES ____ X ____ NO ____ NA ____

Remarks: Per guidance and kept in the appropriations manager files. By the time the program is finished for any FY within the district OFA system will be updated to follow guidance. Multi-year DEF in the OFA system.

b. Project cost estimates are identical?

Tested by: Direct observation

Response: YES ____ X ____ NO ____ NA ____

Remarks: Per guidance the cost estimates are kept in the project, Cost Engineering and appropriations manager files. By the time the program is finished for any FY within the district OFA system will be updated to follow guidance.

16. Is the "Estimated Total Carry-In" included in all applicable budget justification sheets (Investigations, Construction and O&M)?

Tested by: Sampling.

Response: YES ____ NO ____ NA ____

Remarks: "Estimated Total Carry-In" will be provided in all budget justification sheets and updated semi-annually as part of the MSC budget submission in June of each year.