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Report to the Chairman, Committee on
Government Operations, House of
Representatives

October 1991

ADP PROCUREMENTS

GSA Needs to Improve Its Review Process to Enhance Its ADP Oversight

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Information Management and
Technology Division

B-244828

October 28, 1991

The Honorable John Conyers, Jr.
Chairman, Committee on Government Operations
House of Representatives

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Dear Mr. Chairman:

This report responds to your November 19, 1990, request that we review how GSA can better meet its legislative mandate under the Brooks Act of ensuring that federal agencies procure ADP resources in an efficient and effective manner. We found that GSA could do a better job in fulfilling its mandate and made recommendations to improve its oversight of agency ADP procurements.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the date of this letter. At that time, we will send copies to interested parties and make copies available to others upon request.

This report was prepared under the direction of Jack L. Brock, Jr., Director of Government Information and Financial Management, who can be reached at (202) 275-3195. Other major contributors are listed in appendix II.

Sincerely yours,

Ralph V. Carlone

Ralph V. Carlone
Assistant Comptroller General

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Executive Summary

Purpose

The federal government spends over \$20 billion yearly acquiring computer hardware and software. The General Services Administration (GSA) is the principal agency tasked with ensuring that the government effectively acquires and manages this technology. GSA's authority comes from Public Law 89-306 (i.e., the Brooks Act), which governs the federal acquisition and management of automatic data processing (ADP) equipment.

Because of its concern over GSA's effectiveness in carrying out its responsibilities, the House Committee on Government Operations asked GAO to review GSA's role under the Brooks Act. Further discussion with the Committee focused the review on determining how GSA can better meet its legislative mandate of ensuring that federal agencies procure ADP resources in an efficient and effective manner.

Background

The Brooks Act gives GSA oversight responsibility for ADP procurements. While individual agencies have the primary responsibility for making sure that these procurements are efficient and cost-effective, GSA plays a critical role in ensuring the integrity of the process. GSA's Information Resources Management Service has organizational responsibility for fulfilling this role. Within this organization, the Office of Federal Information Resources Management has direct authority for establishing acquisition policy and regulations. It also oversees agencies' acquisition and management of information technology primarily by (1) reviewing individual agency procurement requests (APRS) to determine if a delegation of procurement authority (DPA) is warranted and (2) conducting periodic procurement and management reviews to assess whether agencies are appropriately organized to carry out their information resources management (IRM) activities. Collectively, these two processes should help agencies develop organizational structures and processes to effectively manage their IRM activities and provide added assurance that individual procurements are being carried out in an appropriate manner.

GSA gives federal agencies a threshold, usually \$2.5 million, below which they can procure ADP resources without prior approval. For acquisitions above their threshold, agencies must first obtain GSA approval. GSA approval is required for hundreds of procurements annually and these acquisitions represent the vast majority of dollars spent by federal agencies on information technology. For example, in fiscal year 1989, 632 acquisitions totaling over \$18 billion required GSA approval. In fiscal year 1990, these acquisitions increased to 735 and totaled more than \$20 billion.

Results in Brief

GSA could do a better job in overseeing agencies' ADP procurements. For over two decades GSA has grappled with the challenge of effectively discharging its governmentwide ADP oversight responsibilities. Even though GSA has taken some positive steps, agency actions still result in poorly designed, poorly managed procurements. GSA's management of its procurement review process is not well focused, with staffing problems and poor internal procedures limiting GSA's effectiveness in reducing acquisition risks. In addition, GSA's procurement and management reviews, which can help agencies develop good IRM processes and procedures, are limited in number and scope.

GSA is considering ways to improve its oversight activities. However, it has not performed the analysis necessary to determine what changes are needed. For example, GSA has not determined whether increased effort in individual procurement reviews would result in a proportionately higher level of benefit. Further, by not performing systematic analysis of problems uncovered in individual procurement reviews and its broader management reviews, GSA is foregoing opportunities to identify and address systemic problems.

Principal Findings

Staffing Instability Makes It More Difficult to Effectively Review APRs

GSA received over 700 APRs in fiscal year 1990 requesting authority to spend over \$20 billion for information technology and services. These APRs ranged from relatively small equipment acquisitions costing a few million dollars and taking about one week for GSA to process, to massive, highly complex acquisitions costing hundreds of millions of dollars and requiring about one month to process. GSA uses a three-tier review process whereby it categorizes the APRs into three types, based primarily on dollar amount, and relies on a small group of analysts to review, critique, and ultimately accept or reject them. These analysts, in turn, rely heavily on their own corporate knowledge in making critical decisions on APRs under review.

We found that staffing instability within the approval group made the APR review process less reliable. For example, GSA authorized 16 positions for APR reviews; however, as many as 6 of these positions were vacant during the year. Further, APR analysts are frequently assigned outside the review branch to meet emergency staffing needs elsewhere in the organization. As a result, the remaining analysts are required to

increase an already full work load without the benefit of the corporate knowledge of the rotated analysts. Since our review, GSA has taken steps to increase the number of available analysts.

Office Procedures Need Improvement

The procedures used to review APRs do not facilitate analysts' work. Existing filing methods make it difficult to locate and use current and prior APR case files. Also, recordkeeping is haphazard and inconsistent, which means that management does not have the information it needs to assess whether an appropriate APR review was conducted. In addition, the automated APR data base which analysts use is inadequate. It cannot track APRs to ensure that agencies adhere to any conditions or restrictions placed on the resulting delegations. Also, it cannot collect information from APR reviews, which could be used as indicators of systemic problems in ADP acquisitions.

GSA Management Reviews Need Broader Coverage

GSA's procurement and management reviews are designed to determine whether agencies are capable of effectively and efficiently managing their IRM resources. Since its inception in 1980, 38 reviews have been performed. These reviews give GSA considerable leverage as they are used to determine whether an agency's delegation of procurement authority should be raised, lowered, or left unchanged. GSA currently conducts six reviews per year, each taking approximately 6 months to complete. However, staffing problems with the reviews are limiting GSA's effort.

In 1990, GSA's Administrator told the Congress that he would increase the number of reviews to nine each year, beginning in 1992. However, with no additional staff allocated to this program, GSA has had to abandon its plan. Under current staffing levels, analysts must limit the review scope to the department level in an agency in order to conduct at least six reviews each year. This leaves IRM activities at major bureaus, such as the Internal Revenue Service and the Federal Bureau of Investigation, virtually unaddressed. In addition, the analysis performed is sometimes incomplete because the staff cannot take the time to fully address all issues. Nonetheless, agency officials indicate the reviews help enhance IRM operations. They believe that more comprehensive reviews focusing on IRM organization and structure would greatly aid them in designing and implementing effective control mechanisms for acquiring ADP systems.

GSA Has No System to Assess the Value of Oversight Activities

GSA has no system to assess the value of its oversight activities. Without such a system GSA cannot determine if it is focusing its programs on the greatest need nor assess the value of its efforts. First, it does not measure or quantify the results it receives from each type of APR review to determine whether its review effort per APR type is appropriate. Thus, it has no quantifiable base to determine the impact of its plans to eliminate its APR reviews of low-dollar procurements. Second, it does not assess the value added by APR and procurement and management reviews to learn how they can best help agencies. Finally, GSA is not performing systematic analyses of problems uncovered in individual APR reviews and procurement and management reviews to identify and address systemic problems that could be endemic to procurements of a particular type or by a particular agency.

Recommendations

GSA needs to make more effective use of its primary oversight tools—the APR review process and the procurement and management reviews—to provide greater assurance that the government's ADP resources are economically and efficiently procured. To do so, we recommend that the GSA Administrator take the following actions.

- Collect and analyze data on the problems identified through the APR reviews and use this information to assess the value added by each type of review. If necessary, revise the three-tier review process so that GSA's limited APR resources can be most effectively used.
- Improve the operating efficiency of the APR review process by
 1. enhancing the APR data base so that it will accurately and automatically show whether any conditions/restrictions placed on individual delegations are on schedule, due, or past due; and
 2. developing filing and workpaper procedures that will assist analysts in locating APR submissions and provide a means to verify that appropriate GSA reviews have been conducted.
- Implement follow-up and assessment procedures to validate the usefulness of the procurement and management reviews. Such procedures should include a tracking system to identify the corrective actions taken by agencies as a result of these reviews. This information should be used to determine whether the reviews should be (1) expanded in scope to include major organizational components below the department level, and (2) increased so that agencies are reviewed more frequently and

receive timely information on how to best manage their IRM and procurement activities.

- Use the results of GSA's oversight reviews to identify systemic problems that require special attention.

Details on these recommendations are presented in chapter 3.

Agency Comments

As requested by the Chairman's office, GAO did not obtain agency comments on a draft of this report.

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Abbreviations

ADP	automatic data processing
APR	agency procurement request
DPA	delegation of procurement authority
GAO	General Accounting Office
GSA	General Services Administration
IMTEC	Information Management and Technology Division
IRM	Information Resources Management
IRMS	Information Resources Management Service
OMB	Office of Management and Budget

Introduction

Over 50,000 computer systems help manage every facet of government operations. These systems—excluding Defense embedded and classified systems—cost over \$20 billion yearly. Over \$6 billion is spent annually to acquire the essential hardware and software that comprise the heart of these systems. Agencies expect this technology to meet their escalating demands for increased productivity, and the public expects that money spent for this technology is not wasted.

GSA Has Oversight Responsibility for ADP Policy and Procurement

Agencies have primary responsibility for assuring that their acquisition of information technology is effective, efficient, and in accordance with federal regulations. However, GSA has a major role to play in this process, both in terms of assisting agencies in developing appropriate procedures for technology acquisition and in assuring that those acquisitions meet the government's needs. This authority comes largely from the Brooks Act.¹ Under this Act, the Administrator of GSA prescribes policies and regulations that agencies must follow to procure, lease, and maintain ADP resources.

GSA's Information Resources Management Service (IRMS), which consists of six offices with a total authorized staffing level of 1,373, is responsible for fulfilling the legislative mandate of the Brooks Act. This organization provides technical assistance, administers government procurement programs, manages GSA's internal information resources management (IRM) efforts, and controls nationwide telecommunications services. The missions and activities of the six IRMS offices are described in appendix I.

IRMS' Office of Federal Information Resources Management provides oversight of agency automatic data processing (ADP) procurements and IRM activities. Within this office, the Authorizations Branch and the Procurement and Management Reviews Branch conduct specific ADP oversight activities required under the Brooks Act. Specifically, the Authorizations Branch, with 22 authorized staff positions, reviews agency requests for authority to procure ADP systems and equipment. The Procurement and Management Reviews Branch, with 17 authorized staff positions, conducts IRM reviews at selected agencies and manages the Federal IRM Review Program, through which agencies report on their IRM activities. Our review focused on the functions of these two branch offices.

¹The Brooks Act, which amended the Federal Property and Administrative Services Act of 1949, Public Law 89-306 (40 U.S.C. 759), was passed in 1965.

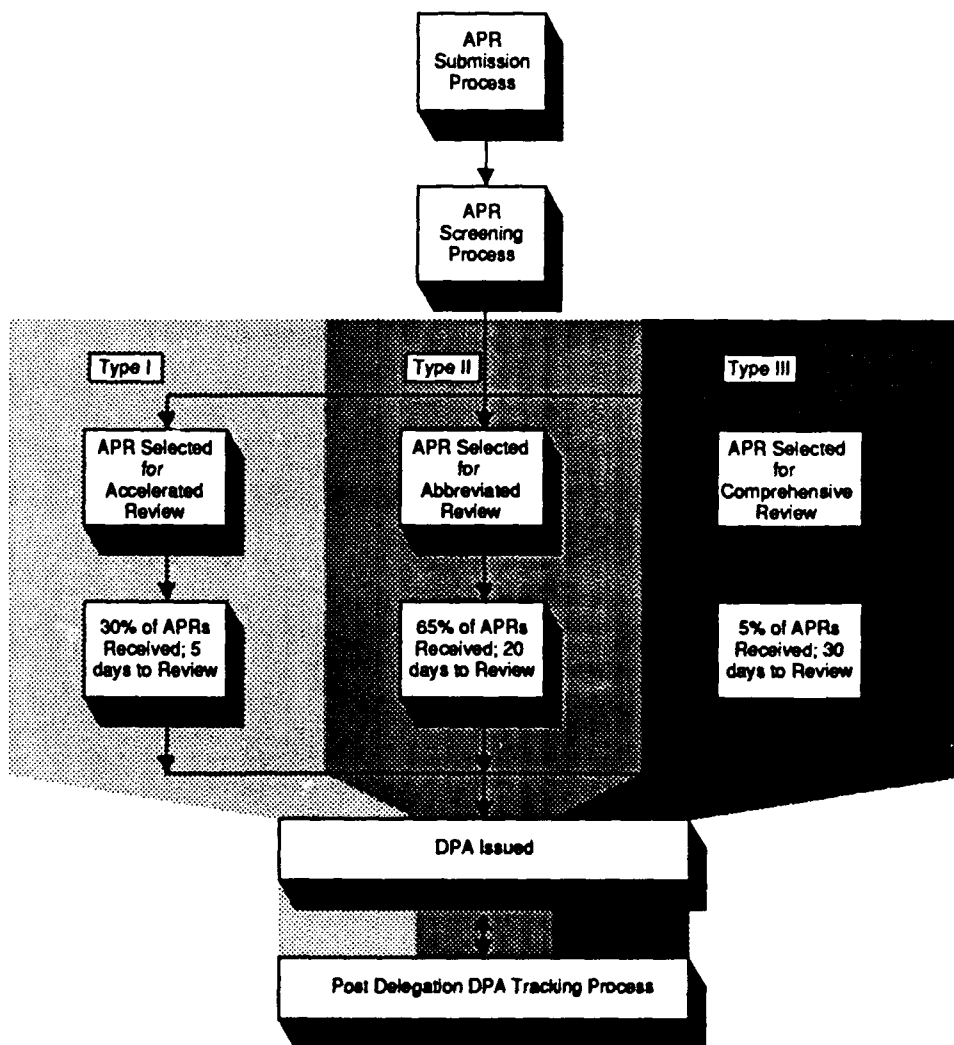
Process for Approving Agency Procurements

Federal agencies must obtain GSA authorization, referred to as a delegation of procurement authority (DPA), for all ADP acquisitions above a threshold dollar amount (usually \$2.5 million).² Agencies submit an agency procurement request (APR) to GSA's Authorizations Branch. The Branch's analysts then review the request to determine whether to grant a DPA. During fiscal year 1989, analysts reviewed 632 APRs totaling over \$18 billion and in fiscal year 1990 they reviewed 735 APRs worth over \$20 billion.

Before fiscal year 1989, GSA reviewed all APRs in the same manner, regardless of dollar value or potential risk. In February 1990, in an effort to further enhance its oversight of individual procurements and provide a more comprehensive review of high-dollar, high-risk acquisitions, GSA developed a new APR model. This model provides three tiers of review for APRs, as shown in figure 1.1.

²Federal Information Resources Management Regulation 201-20.305-1, Regulatory Delegations, establishes amounts above which agencies must obtain GSA approval to conduct their procurements.

Figure 1.1: GSA's APR Review Process



Type III, Comprehensive Reviews, involve high-dollar, high-visibility, high-risk, and Priority System Procurements.³ Type III reviews are to be completed within 30 days after the APR is formally received by GSA. They generally comprise about 5 percent of the APRs received annually. These reviews are intended to allow GSA to become familiar with the complete information system or ADP project of which the APR is a part.

³High-dollar procurements generally exceed \$100 million while high-visibility acquisitions contain known risks. Priority System Procurements are acquisitions that exceed \$50 million and support an agency's major information system initiative.

Type III reviews require detailed evaluations of essential procurement documents, such as the requirements analysis, alternative study, and software conversion study. The review also involves meetings with agency officials and detailed assessments of the agency's project plan, including expected results, cost, and schedule. Because of their high cost and potential sensitivity, agencies frequently send in draft APRs for GSA to comment on. Agency officials will also meet with GSA analysts before they submit a formal APR. This period of review is not included in the 30-day completion estimate.

Type II, Abbreviated Reviews, involve sole-source procurements that exceed \$5 million, procurements with a history of significant problems, and procurements not selected for type III reviews. Type II reviews are to be processed within 20 working days and represent about 65 percent of the APRs submitted annually. The reviews involve ensuring that the information submitted on the APR is in compliance with regulations, that the APR contains appropriate certifications, and that required studies have been completed. Analysts performing type II reviews also determine whether there are any areas of concern, such as the age of the system to be upgraded or special telecommunications requirements, which warrant special attention. Analysts will also meet with agency officials to clarify or obtain more details on the APR if necessary.

Type I, Accelerated Reviews, are the least detailed and involve competitive procurements totaling less than \$50 million and sole-source procurements of less than \$5 million. They also include all APRs not selected for the other types of reviews. GSA requires type I reviews to be completed within 5 working days after the APR is formally received. According to GSA's Administrator, type I reviews cover about 30 percent of the APRs annually received. These reviews consist primarily of a cursory review of the APR contents and a check to ensure that the APR includes appropriate certifications and is in compliance with prescribed regulations.

Process for Reviewing Agency IRM Organization

GSA also conducts information resources procurement and management reviews, which are intended to assess agencies' effectiveness in managing their IRM activities. These reviews are much broader than APR reviews because they address various issues relating to an agency's IRM organization, structure, and operations, and not just a single acquisition. In addition, these reviews are used as a basis for adjusting an agency's DPA threshold. GSA's Procurement and Management Reviews Branch has conducted 38 reviews since the program began in 1980.

In conducting procurement and management reviews, GSA analysts assess agency documentation and procedures, and meet with agency officials to evaluate the agency's planning and control mechanisms. The analysts determine if the agency is acquiring, using, and managing its ADP resources in an efficient and economical manner. Analysts also verify an agency's compliance with prescribed regulations and with any conditions or limitations placed on recently received DPAs. Typically, the reviews are conducted and a report written within 6 months. After the report is issued, the agency is required to submit an action plan to GSA outlining how it will implement any report recommendations.

The review findings have a direct link to how much an agency is allowed to spend on ADP resources without seeking GSA approval. On the basis of its review, GSA may raise or lower an agency's DPA threshold. Between 1985 and 1990, seven reviews resulted in significant DPA threshold increases ranging from a 100-percent increase (to \$5 million) to a 600-percent increase (to \$17 million). During the same time, the DPA threshold for each of three agencies was lowered 80 percent (to \$500,000).

GSA also manages the Federal IRM Review Program, a mechanism to collect information on governmentwide IRM trends. Under GSA guidance, 46 agencies presently conduct self-assessments and report on hundreds of IRM management and procurement initiatives each year. GSA's Procurement and Management Reviews Branch receives the reports and summarizes each agency's accomplishments in an overall federal assessment on the state of IRM. This summary is submitted to the Office of Management and Budget (OMB), which, in turn, sends it to the appropriate congressional committees.⁴

Objectives, Scope, and Methodology

In November 1990, the Chairman, House Committee on Government Operations, asked us to conduct a review of GSA's implementation of the Brooks Act, and to determine whether GSA is effectively implementing its statutory mandate to coordinate and provide for the economic and efficient purchase, lease, and maintenance of ADP equipment by federal agencies. Further discussion with the Chairman's office focused the review on describing the various GSA components that have Brooks Act responsibilities and determining how GSA can better meet its legislative

⁴The Paperwork Reduction Act of 1980 requires that the report be sent to the Senate and House Appropriations Committees, Senate Committee on Governmental Affairs, and House Committee on Government Operations.

mandate of ensuring that federal agencies procure ADP resources in an efficient and effective manner.

To gain a clear understanding of GSA's oversight role, we examined the Brooks Act, the Paperwork Reduction Act, and implementing regulations. We interviewed the Assistant Commissioners and other GSA officials in each of the six offices in IRMS. We also obtained documentation from these offices detailing their responsibilities under the Brooks Act.

To analyze GSA's criteria for granting DPAS, we reviewed governmentwide ADP acquisition regulations and GSA guidance to agencies. We reviewed office procedures, DPA work-load statistics, and the sufficiency of record keeping. We observed working conditions, identified time constraints, and assessed the availability of resources. Additionally, we examined GSA's new delegations model to assess the three types of reviews performed on APRs and analyzed 16 completed APR case files to determine the extent of each type of review. Our analysis included two files that pertained to APRs submitted under GSA's Trail Boss Program.⁵ We did not evaluate the decisions made by GSA analysts to approve or deny APRs. Instead, we assessed the APR review process, including staffing, office environment and procedures, the automated system for tracking APR cases, and work load to determine whether the APR review process is efficient and effective.

In addition, we reviewed nine information resources procurement and management reports and talked with GSA officials involved with the reviews to determine the scope and sufficiency of GSA's analysis. We also reviewed GSA procedures for implementing the Federal IRM Review Program.

To obtain agency input on whether GSA could better carry out its IRM responsibilities under the Brooks Act, we met with officials at the Office of Management and Budget, the Department of Health and Human Services, the Department of Labor, and the Department of the Interior. In addition, we contacted officials at the Department of Veterans Affairs and the Department of the Army to obtain their views on the value GSA adds to the federal acquisition process.

⁵The Trail Boss Program provides special, concentrated training to senior agency IRM managers to provide them with current insights and tools to solve the complex problems involved in major, long-term ADP and telecommunications acquisitions.

We discussed the facts in this report with GSA officials and have incorporated their comments where appropriate. However, in accordance with the requester's wishes, we did not obtain agency comments on a draft of the report. We conducted our work from November 1990 through September 1991, in accordance with generally accepted government auditing standards.

GSA's ADP Oversight Is Disorganized and Needs Better Focus

For over two decades GSA has grappled with the challenge of effectively discharging its governmentwide ADP oversight responsibilities. Even though GSA has taken some positive steps to address this challenge, agency actions still result in poorly designed, poorly managed procurements. GSA's management of the procurement review process is not well focused, with staffing problems and poor internal procedures limiting GSA's effectiveness in reducing acquisition risks. In addition, GSA's procurement and management reviews, which can help agencies enhance their ability to develop good IRM processes and procedures, are limited in number and scope. Further, the information reported under the Federal IRM Review Program is not useful because it is incomplete and GSA does not ensure that it is accurate. GSA acknowledges its problems and is studying alternatives. However, it is not collecting and analyzing the information needed to make informed decisions.

Historically, Agency ADP Procurements Have Been Poorly Designed and Conducted

Many GAO reports over the past several years have documented agencies' poor performance in acquiring multi-million dollar ADP systems. In 1989 testimony,¹ we stated that for the dozens of systems reviewed by GAO over the past 4 years, there was very little that was positive. Unfortunately, this statement continues to be true. For example, in June 1989,² GAO recommended that the Navy stop ordering hardware and software for its Standard Civilian Pay System from a particular contractor because the \$26.7 million contract had been awarded on the basis of an improperly restricted competition and the Navy had found that its system design would not work. In April 1990,³ GAO found that the Office of Personnel Management's \$54-million Federal Employees Retirement System Automated Processing System procurement was too restrictive, thus limiting the range of vendors who could bid on the contract. In May and June 1990,⁴ GAO recommended that the Federal Aviation Administration's Computer Resources Nucleus project not be awarded. The \$1.5-billion project had not been properly justified or planned and it improperly restricted competition. In each case, senior

¹Statement of Ralph V. Carlone before the Subcommittee on Government Information and Regulation, Senate Committee on Governmental Affairs (GAO/T-IMTEC-89-9, June 12, 1989).

²ADP Procurement: Navy Improperly Restricted Competition for Its Civilian Pay System (GAO/IMTEC-89-61, June 21, 1989).

³Retirement System: Concerns About OPM's FERS Automated Processing System Procurement (GAO/IMTEC-90-45, Apr. 4, 1990).

⁴FAA Procurement: Major Data-Processing Contract Should Not Be Awarded (GAO/IMTEC-90-38, May 25, 1990); FAA Procurement: Competition for Major Data-Processing Contract Was Unjustifiably Limited (GAO/IMTEC-90-71, June 11, 1990).

agency acquisition managers were involved with the project and GSA had reviewed and approved the APR.

In addition, these and other GAO reports have indicated that many procurement problems occur during the acquisition phase when agencies inadequately or inappropriately define system requirements, misjudge user needs, or poorly compute cost/benefit measurements. Common to most of these procurements is a lack of agency oversight in assuring that prescribed federal regulations are followed.

APR Process Gives No Reasonable Assurance That Acquisition Risks Are Reduced

Staff instability and an increasing work load, combined with inadequate record keeping and office procedures, have effectively limited GSA's ability to properly review APRs. Hundreds of APRs are reviewed annually by a small number of analysts who are continually being transferred between GSA branch offices. In addition, office procedures for conducting individual APR reviews are ineffective and do little to assist analysts. Similarly, the automated system used to track ADP procurements is inadequate and unreliable. These failings effectively limit GSA's ability to provide reasonable assurance that its analysis of agency procurement requests is reducing acquisition risks.

Staff Instability Contributes to Increased Work Load and Cursory Reviews

The Authorizations Branch has experienced continual staffing problems. Since December 1989, the Branch has had 22 authorized staff positions, of which 16 are dedicated to the APR reviews. The remaining authorized staff provide administrative and technical support. However, between December 1989 and April 1991, this Branch averaged three vacancies per month, while each month three additional staff, on average, were detailed outside the Branch. In all, almost 40 percent of the staff dedicated to APR reviews were unavailable to review APRs.

The staffing shortage increases the already tremendous work load of the Authorizations Branch staff. Analysts said that they often work on as many as 13 or 14 cases simultaneously. These cases range from cursory checks to verify that APR paperwork is in compliance with federal regulations to detailed analysis of an agency's acquisition strategy and supporting studies. Time to complete such tasks ranges from 5 to over 30 days. One analyst said that her work load sometimes includes five of the difficult comprehensive type III reviews, each of which would require a month or more to complete. Another analyst told us that he was currently working on 18 APR reviews. These analysts indicated that this burdensome work load often keeps them from providing comprehensive

assessments. The analysts also noted that they seldom, if ever, take the time to research other files, which might provide information necessary to effectively process the APR.

Office Environment and Information System Do Little to Assist Analysts

The physical environment in which APRs are reviewed is cluttered, disorganized, and inefficient. APR case files are stored on window sills, under desks, in bookcases, and on already filled filing cabinets. Space limitations, a large volume of paper records, many boxes of records with few discernable labels, and the lack of a case charge-out system makes it difficult, and sometimes impossible, to locate files. Files are generally passed around within the branch and to other branch offices without a controlling sign-out procedure. As a result, analysts must rely on their memory to recall where a file is located. At times no one knows where a particular file is located. It took analysts several days to locate the APR case files we asked to review.

Our review of APR case files identified numerous files that did not contain sufficient documentation to reasonably support the conclusions and recommendations to either approve or deny the APR. Files were not current or updated and it was difficult to determine whether documentation requested from an agency was received or whether follow-up by GSA analysts occurred. When we interviewed analysts we found that they kept numerous pieces of documentation, not in official files, but in their own personal files. However, analysts demonstrated "corporate knowledge" of agency activities and frequently recalled the specifics involved in particular APR reviews.⁵

To help organize and track the location of APR case files and to improve record keeping, GSA developed a personal-computer-based APR data base management information system in 1989. This system contains basic information such as the APR case number and status, agency involved, analyst assigned, dollars involved, and type of review to be conducted. However, the data base does not contain information on the specific restrictions and conditions that are required of an agency as part of its DPA. GSA frequently will place certain restrictions and conditions on an agency to ensure that the procurement is carried out in accordance with GSA guidelines. In addition, agencies usually are required to submit periodic status reports to GSA on their procurement efforts. This information

⁵Included in our review of APR case files were two Trail Boss APRs. We found that the documentation retained in these files was more detailed and that notes from delegation analysts provided better evidence of interaction with agency personnel. Because of their high dollar impact, Trail Boss acquisitions are almost always selected for a type III review.

is not reflected in the data base and, as a result, analysts have no automatic way of being notified when required reports are due. Lacking this automated information, an analyst must locate and research the case file to identify any restrictions and then contact the agency to inquire about them. Since the analysts have a heavy work load and little time to manually research the files and take appropriate follow-up action, GSA has no assurance that provisions required as part of its DPA are being fulfilled.

Additionally, we found that the data base contained errors. For example, in some instances the APR dollar amounts contained in the data base were incorrect and certain APR case files were not listed in the data base. This information is critical for GSA to maintain an accurate accounting for all agency acquisitions.

Procurement Reviews Can Help Agencies, but Currently They Are Limited

Unlike APR reviews, which focus only on whether an individual procurement is in compliance with federal regulations, information resources procurement and management reviews are designed to help agencies better manage their IRM activities. In addition, GSA has considerable leverage with these reviews in that they are used to adjust agency DPA thresholds. However, staffing problems with the reviews are limiting GSA's effort and contributing to a lack of professional diligence.

Staffing problems have persisted for over 1-1/2 years. For the 19-month period ending April 1991, the Procurement and Management Reviews Branch experienced a consistent staffing shortage. Staffing levels fluctuated from a low of 10 to a high of 17, with an average of 15 positions filled during the period. To compensate for vacancies, an average of four staff were detailed to the branch each month, while an average of two positions remained unfilled. During 7 of the 19 months the Branch was managed by an acting Branch chief who was detailed from another GSA office. According to the current Branch chief, some review analysts during this period were not motivated and others were not qualified to conduct procurement and management reviews. Additionally, an internal review found that the heavy work load, the stress connected with continued tight timeframes, and requiring staff to work 35 percent overtime to meet review objectives contributed to high staff turnover, "burnout," and no time for training. The quality of the work also suffered.

We found that GSA's procurement and management review teams routinely work on four reviews at any one time. For example, a team will

start a new review while still on site with another review. At the same time, the team will be drafting the report for a third review and answering agency comments on a fourth. The Branch chief told us that because of this work load, it is impossible for analysts to verify compliance with all requirements. As a result, she admitted that the analysis performed is sometimes compromised to meet deadlines. She explained that at times GSA could do a better job in collecting and analyzing information to make final decisions on whether to raise or lower an agency's DPA threshold. This belief was supported by an Inspector General's report,⁶ which noted procedural weaknesses affecting the quality of the reviews. The report stated that workpapers were not prepared with due professional care and that inadequate documentation made it difficult to ensure that procurement reviews were fair, objective, and reliable.

The Director of the Authorizations and Management Reviews Division believes the key to strengthening GSA's ADP oversight rests with information resources procurement and management reviews. He stated that these reviews serve as stepping stones to teach agencies how to better operate their IRM organizations. For example, as a result of recent procurement and management reviews, GSA has recommended that senior agency officials demonstrate a commitment to IRM and implement a strategic information systems planning process and better acquisition planning policies and procedures. GSA has also recommended that agency IRM officials establish procedures for consolidating acquisitions and for ensuring that APR-certified and DPA-required studies are conducted, documented, and maintained in accordance with regulations. In addition, GSA directed an agency to initiate a comprehensive, independent audit of procurement management and contract administration in the agency's ADP support services and telecommunications services areas.

Agency officials believe that GSA does add considerable value with these reviews. For example, Health and Human Services officials told us that as a result of a GSA procurement and management review they took action to strengthen their IRM operations. They increased resources, developed a comprehensive IRM policy, and implemented an action plan to address GSA's recommendations. Officials at other agencies noted that their dialogue with GSA on various review issues provided constructive direction on how to improve IRM operations.

⁶Review of GSA Delegations of Procurement Authority For Automated Data Processing Resources. Office of Inspector General, General Services Administration, Mar. 29, 1991.

GSA realizes the value these reviews can add to governmentwide IRM activities. In fiscal year 1990, GSA doubled the annual number of procurement and management reviews from three to six. In his September 1990 testimony,⁷ GSA's Administrator stated that, beginning in 1992, GSA will increase its information resources and management reviews from six to nine each year. However, a request for additional staff to support these reviews was denied by GSA management. As a result, Branch officials told us they have since abandoned these plans. Consequently, GSA currently plans to conduct only six reviews during 1992. At this rate, it will take GSA over 4 years to review all of the largest federal agencies. In addition, procurement and management reviews will continue to predominately focus on the department level of an agency resulting in virtually no guidance being provided to agency bureaus. Thus, large government organizations such as the Federal Bureau of Investigation and the Internal Revenue Service will not be reviewed.

Federal IRM Review Program Is Inadequate

GSA manages the Federal IRM Review Program, which requires agencies to conduct self-assessments and report to GSA on their IRM and ADP procurement initiatives. GSA collects this information and provides a governmentwide compilation of IRM trends. However, GSA does not independently validate the information and does not know whether the information it summarizes and reports to OMB is accurate or complete.

The purpose of the Federal IRM Review Program is to report to the Congress on whether agencies are (1) carrying out their information management activities in an efficient, effective, and economical manner; and (2) complying with established IRM policies, procedures, principles, standards, and guidelines. The amount of data collected under the Federal IRM Review Program is voluminous. In fiscal year 1989, agencies submitted 854 reports to GSA. However, GSA found that agencies reported only their accomplishments and did not adequately address improvements needed in their information systems. As a result, GSA could not identify agency weaknesses or assess how they affected the agencies' ADP procurement programs. In addition, the information collected is reported to the Congress for information purposes only. The Congress does not use it to address agency funding or operations.

⁷Statement of Richard G. Austin, Administrator, GSA, before the Subcommittee on Legislation and National Security, House Committee on Government Operations, Sept. 13, 1990.

According to a 1991 internal GSA report on the Federal IRM Review Program, the Branch office does not have the personnel to verify the completeness and accuracy of the information being reported or properly analyze it. Complete and accurate reporting by agencies would help GSA identify systemic weaknesses and focus on those systems that are mission-critical to the agency and to the operation of the federal government. Additionally, GSA's analysis of the data could provide information on how agencies manage their major information resources, how they apply these resources to accomplishing their mission, and what the current trends are in governmentwide IRM activities. However, given the volume of reports to be analyzed in a year and GSA's current resources, it cannot use the information as intended.

GSA Is Studying Alternatives, but Has No System to Make Informed Decisions on the Value of Its Oversight Activities

Over the past few years, GSA has taken steps to improve the federal ADP procurement process. Specifically, GSA established the Go-For-12 and Trail Boss programs,⁸ which facilitate the procurement process and provide training to agency officials in order to improve acquisition skills and abilities. In addition, GSA recently received tentative approval to take over the Air Force Computer Acquisition Center. GSA plans to use this center's ADP contract management expertise to work with agency procurement officials to strengthen their management of ADP acquisitions.

Nonetheless, GSA officials recognize that many challenges still face their organization and realize that in this era they are not likely to get additional staff. Therefore, they recognize they must change the way GSA analysts process APRs. These officials are studying alternatives such as raising the DPA threshold for agencies,⁹ eliminating type I reviews, and automating certain APR review processes. In addition, GSA officials recently made changes to strengthen the Federal IRM Review Program. They have created a dedicated review team, identified specific IRM initiatives they want agencies to report on, plan to provide a critical assessment of agency review activities, and to identify 30 major information system initiatives that agencies must review over the next few

⁸The Go-For-12 program was initiated in 1986 to find ways to reduce the time it takes federal agencies to acquire information resources. The program had three goals: to identify and eliminate bottlenecks in the acquisition process, to assess the impact of a parallel process of review and approval of APRs, and to explore opportunities to improve training in acquisition-related activities such as contracting, writing specifications, and evaluating proposals. The Trail Boss program was created from the Go-For-12 program.

⁹GSA has not raised the \$2.5 million threshold on procurements requiring a delegation of procurement authority since September 1983.

years. GSA officials have also developed plans to conduct on-site reviews of selected agency review programs to verify the accuracy of the information being reported.

However, GSA could do more. APR review analysts do not collect and summarize any information that would allow them to measure or quantify the benefits from each type of APR review. As a result, GSA officials do not know whether allocating their limited resources differently to support an increased effort in any one type of review would result in a proportionately higher level of benefit. In addition, without these indicators it is difficult to assess whether delegating reviews to agencies would actually result in any net benefit to GSA; i.e., would the additional time gained to review type II and type III APRs offset what might be lost by not conducting type I reviews.

Further, by not performing any global, systematic analysis of problems uncovered in individual APR reviews, detailed procurement and management reviews, and the Federal IRM Review Program, GSA is foregoing any opportunity to identify systemic problems, that could be endemic to procurements of a particular type or to IRM activities of a particular agency. This type of analysis could be logged into a data base, analyzed, and used during training sessions and meetings with agency officials to provide critical guidance on problem areas. The information could also be effectively used during procurement and management reviews to focus agency attention on systemic weaknesses. However, GSA officials told us they did not have the time or resources to collect, summarize, and evaluate such data because they must use their resources on what they perceive to be higher priority activities.

Conclusion and Recommendations

GSA's role in ensuring efficiency and integrity in the ADP procurement process is critical. However, GSA's process for reviewing APRs is badly in need of improvement. Staffing is unstable, turnover is high, and the office environment is cluttered, disorganized, and inefficient. In addition, the automated system used to store information on APRs and track their status through the process is not updated and frequently contains errors. Combined with an increasing work load, this creates an environment where excellence is difficult to achieve.

The procurement and management review process also suffers from staffing instability. As a result, the reviews are limited in number and analysts find it impossible to verify agency compliance with all requirements. Nonetheless, the reviews can be helpful in forcing agencies to improve their information resource management and individual ADP resource procurements.

Although GSA is considering alternatives to enhance its oversight, it has not performed the analysis necessary to make informed decisions. GSA has made no effort to assess the net value of each type of APR review. Further, GSA does not summarize or analyze its individual oversight accomplishments to identify what works best and to determine what changes are needed. By not performing global, systematic analyses of problems uncovered in individual APR reviews, procurement and management reviews, and the Federal IRM Review Program, GSA is foregoing any opportunity to identify systemic problems which could be endemic to procurements of a particular type or by a particular agency.

Recommendations

GSA needs to make more effective use of its primary oversight tools—the APR review process and the procurement and management reviews—to provide greater assurance that the government's ADP resources are economically and efficiently procured. To do so, we recommend that the GSA Administrator take the following actions.

- Collect and analyze data on the problems identified through the APR reviews and use this information to assess the value added by each type of review. If necessary, revise the three-tier review process so that GSA's limited APR resources can be most effectively used.
- Improve the operating efficiency of the APR review process by

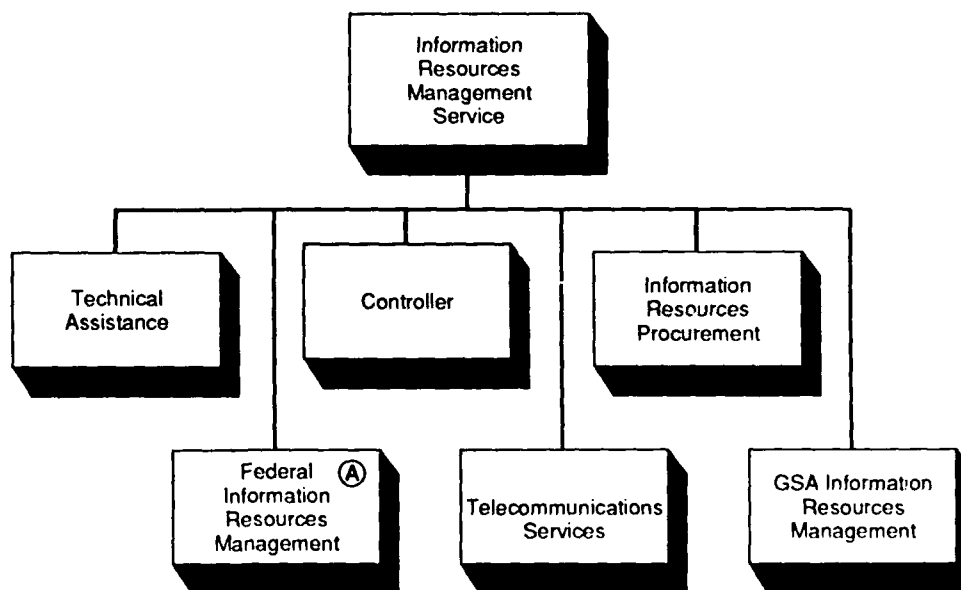
1. enhancing the APR data base so that it will accurately and automatically show whether any conditions/restrictions placed on individual delegations are on schedule, due, or past due, and
 2. developing filing and workpaper procedures that will assist analysts in locating APR submissions and allow auditors to verify that appropriate GSA reviews have been conducted.
- Implement follow-up and assessment procedures to validate the usefulness of the procurement and management reviews. Such procedures should include a tracking system to identify the corrective actions taken by agencies as a result of these reviews. This information should be used to determine whether the reviews should be (1) expanded in scope to include major organizational components below the department level, and (2) increased so that agencies are reviewed more frequently and receive timely information on how to best manage their IRM and procurement activities.
 - Use the results of the APR reviews, the procurement and management reviews, and the Federal IRM Review Program to identify systemic problems that require special attention.

Organizational Components of GSA's Information Resources Management Service

GSA's Information Resources Management Service (IRMS) has organizational responsibility for fulfilling the legislative mandate imposed by the Brooks Act. In this regard, its general responsibilities include (1) developing ADP policies and regulations that are easy to understand and implement, (2) providing strong and continuing oversight of delegated procurement authorities to ensure the effective management of IRM activities throughout the government, and (3) making innovative and continuing improvements to the acquisition process to ensure the easy, timely, and cost-effective procurement and implementation of ADP resources and services.

IRMS is comprised of six offices with a total authorized staffing level of 1,373. These offices provide technical assistance, administer government procurement programs, manage GSA's internal IRM efforts, and oversee nationwide telecommunications services.

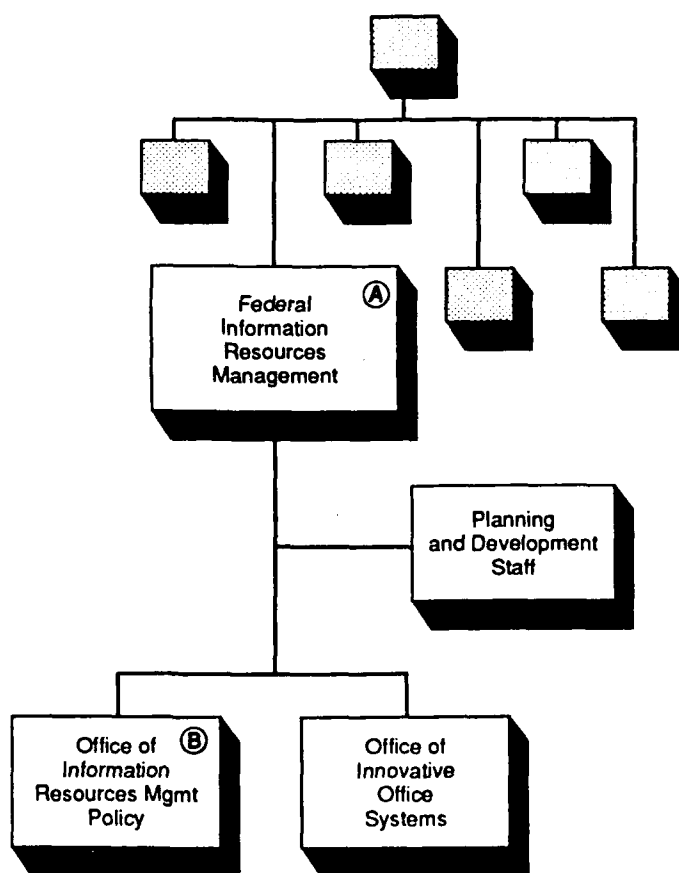
Figure I.1: Information Resources Management Service



The Office of Federal Information Resources Management

Oversight of agency ADP procurements and IRM activities is concentrated in the Office of Federal Information Resources Management. This office is the focal point for overseeing the acquisition of ADP resources by federal agencies. Its primary responsibilities include policy making, assisting agencies, and overseeing their IRM and procurement activities. Our review focused on the functions in this office.

Figure I.2: Federal Information Resources Management



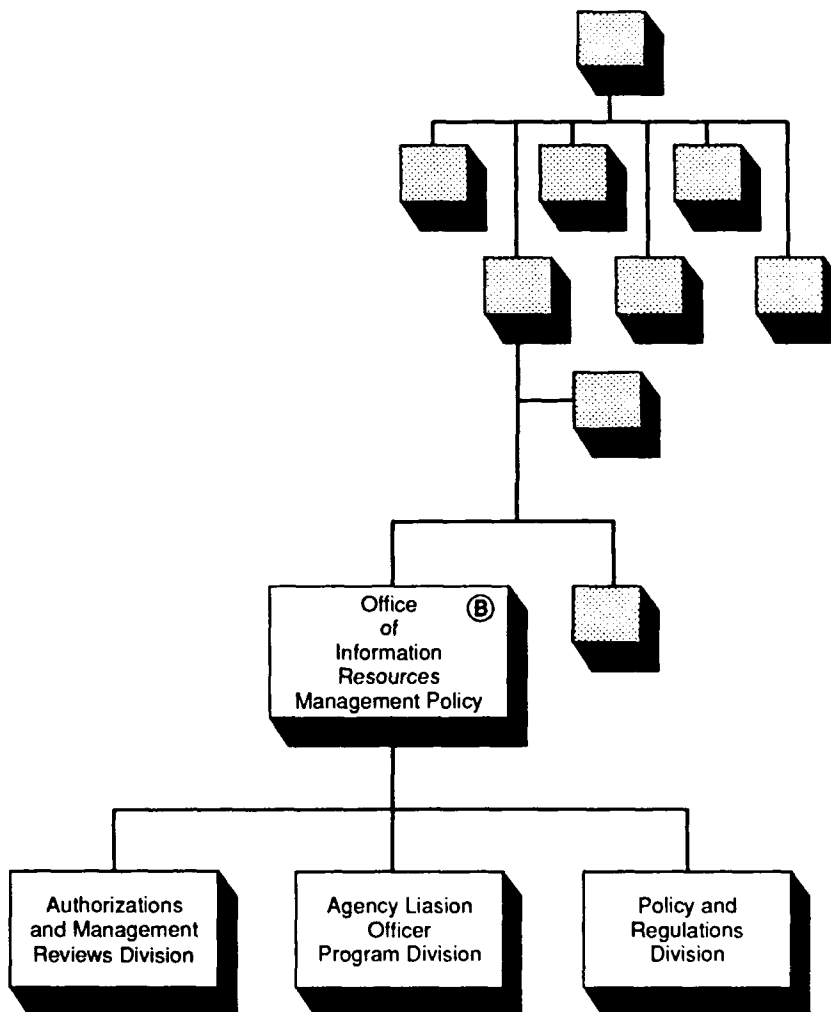
The Office of Federal Information Resources Management performs five major functions:

- Identifies and researches emerging problems that may affect federal IRM. This is done through governmentwide conferences, circulating drafts of

proposed regulations or agency guidance for comment, and conducting pilot projects with agencies.

- Establishes mandatory guidance on ADP acquisitions in the form of regulations and governmentwide standards.
- Provides assistance to federal agencies through bulletins, guidelines, and advice provided by GSA analysts and liaison staff.
- Grants delegations of procurement authority to agencies to acquire ADP equipment and services.
- Reviews the performance of agency IRM programs by conducting periodic on-site Information Resources Procurement and Management Reviews and through an annual Federal IRM Review Program.

Of the 1,373 authorized positions assigned to IRMS, 111 are assigned to the Office of Federal Information Resources Management. Ninety-two of these staff are assigned to its Office of Information Resources Management Policy, which is primarily responsible for performing the five functions discussed above. This office uses three divisions to meet its responsibilities—the Authorizations and Management Reviews Division, the Agency Liaison Officer Program Division, and the Policy and Regulations Division.



The Authorizations and Management Reviews Division, with 49 authorized staff positions, performs three functions vital to GSA's oversight efforts. This division (1) reviews agency requests for authority to procure ADP systems and equipment which exceeds a GSA established threshold—generally \$2.5 million, (2) conducts information resources procurement and management reviews at selected agencies, and (3) manages the Federal IRM Review Program required by the Paperwork

Reduction Act of 1980.¹ These functions are carried out by staff in the Authorizations Branch and the Procurement and Management Reviews Branch.

The Authorizations Branch has 22 authorized staff positions. Its primary responsibility includes reviewing and approving agency procurement requests. Federal regulations require agencies to request a specific delegation of procurement authority for ADP acquisitions that exceed a GSA established procurement threshold level. Analysts in the Authorizations Branch review each request to determine whether to grant a DPA. During fiscal year 1989, analysts processed 632 APRs totaling over \$18 billion and in fiscal year 1990 processed 735 APRs totaling over \$20 billion.

The Procurement and Management Reviews Branch has 17 authorized staff positions and manages two IRM review programs. Under one program it conducts information resources procurement and management reviews at federal agencies. These reviews assess an agency's effectiveness in managing its information resources activities. In addition to helping agencies improve their IRM activities, these reviews are also used as a basis for adjusting an agency's DPA threshold. Under the second program, the Branch manages the Federal IRM Review Program. This program complies with a statutory requirement of the Paperwork Reduction Act. It requires agencies to assess and report on their own IRM initiatives. Details on these two programs and the APR review process are contained in Chapters 1 and 2.

The Agency Liaison Officer Program Division

The Agency Liaison Officer Program Division, with six authorized staff positions, provides outreach to federal agencies by establishing training programs and providing guidance on agency procurement requests and other IRM issues. Liaison officers maintain contact with agencies with the general objective of facilitating the ADP procurement process.

A recent major effort of this office was the establishment of the Trail Boss program. This program provides senior managers with modern tools and current insights to solve the complex problems involved in major, long-term ADP and telecommunications acquisitions. Over 300

¹Under Section 2(a) of the Paperwork Reduction Act of 1980, Public Law 96-511, GSA is required to assist OMB in reviewing the IRM activities of each agency. GSA is responsible, under the Federal IRM Review Program, for collecting, assessing, and reporting on agency IRM review results to OMB.

managers from various federal agencies have completed the Trail Boss program.

This division is also developing two additional courses. One course is a follow-up to the Trail Boss program and will address the procurement process beyond the point of contract award. The other course will provide contract officer training.

The Policy and Regulations Division

The Policy and Regulations Division, which has 32 authorized staff positions, develops and issues various ADP regulatory and guidance documents to assist federal agencies in the economic and efficient acquisition of IRM resources. Most important among these guidelines is the Federal Information Resources Management Regulation, which governs the acquisition, management, and use of federal information processing resources and makes the use of standards mandatory in information technology acquisitions. In 1990 the division completed a 3-year effort to completely rewrite this regulation; the revised regulation became effective on April 29, 1991. The Federal Information Resources Management Regulation and other guidance documents help ensure that agencies have sufficient information to properly interpret and implement governmentwide ADP policy.

Staff in this division also work with agency officials to identify emerging problems in the area of information technology that may require new policy and guidance. In addition, they review proposed legislation to ensure that it does not improperly affect GSA's implementation of its responsibilities to oversee information technology resources. The division is further responsible for the governmentwide development and implementation of federal telecommunications standards.

Brooks Act Responsibilities of the Remaining IRMs Offices

The remaining five IRMS offices also have responsibilities relating to the Brooks Act. Their missions and functions are described below.

The Office of Technical Assistance

The Office of Technical Assistance has 156 authorized staff positions. Its mission is to "improve the economy, efficiency, and effectiveness of federal IRM by providing expertise for the government." This office carries out its responsibilities by providing technical and contractual services in areas related to the acquisition, management, and use of information systems and information technology. It assists federal agencies by (1) providing direct technical support, (2) awarding and administering governmentwide contracts that provide economies of scale and cost savings for participating agencies, and (3) supporting a governmentwide information transfer program that includes conferences, seminars, and publications.

The Office of the Controller

The Office of the Controller has 99 authorized staff positions. Its primary mission relating to the Brooks Act is to manage the Information Technology fund,² a revolving fund through which GSA provides and finances a variety of services and assistance to federal agencies, including FTS 2000—the government's primary telecommunications network. The Office of the Controller is responsible for ensuring the integrity of the fund's financial procedures, processes, and controls and for ensuring the integrity of financial information generated and used by the fund's ADP and telecommunications programs.

The Office of Information Resources Procurement

The Office of Information Resources Procurement has 179 authorized staff positions. The Office is responsible for awarding and administering contracts for governmentwide procurement programs, as well as for preparing specific ADP and telecommunications requirements for GSA activities. This office also provides contractual support to the Office of Technical Assistance for its acquisitions on behalf of other federal agencies. Other responsibilities include ensuring that contractual actions are handled in accordance with the Brooks Act and other procurement laws.

The Office of GSA Information Resources Management

The Office of GSA Information Resources Management has 118 authorized staff positions. Its responsibilities are to (1) formulate internal GSA policy and develop procedures and guidelines for GSA's acquisition, development, and use of information systems, equipment, and facilities; (2) identify agencywide information needs and provide ready access to information for decision-making purposes; and (3) provide general support services, such as shared computing resources.

²Established January 1, 1987, by the Paperwork Reduction Reauthorization Act of 1986, P.L. 99-500.

**The Office of
Telecommunications
Services**

The Office of Telecommunications Services has 685 authorized staff positions. It is responsible under the Brooks Act for providing a unified telecommunications system by coordinating services with other agencies who operate telecommunications systems under delegations from GSA. This office represents the largest share of authorized staff positions in IRMS. Its responsibilities include management of FTS 2000 and other nationwide telecommunications.

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