



United States  
General Accounting Office  
Washington, D.C. 20548

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Accounting and Information  
Management Division

B-261947

August 4, 1995

The Honorable J. Brian Atwood  
Administrator, Agency for  
International Development

Dear Mr. Atwood:

On August 2, 1995, we discussed the results of our work on the Agency for International Development's (AID) planning for information resources with members of your senior staff. We conducted this work as a follow-up assessment to our general management review which identified serious problems in AID's management of information resources and accounting systems.<sup>1</sup>

As discussed with your staff, AID's most recent Information Resources Management (IRM) plan is a step in the right direction to correct weaknesses in IRM planning. However, we believe that continued management emphasis is needed to fully address three key weaknesses that exist in AID's current IRM planning, as disclosed by our follow-up work.

- (1) AID's automated information resources planning is not adequately coordinated. Various entities--including the Office of Information Resources Management (OIRM), the Chief Financial Officer (CFO), and individual bureaus and overseas offices--all independently plan and develop information systems. For example, the CFO is developing AID's major new system--the AID Worldwide Accounting and Control System (AWACS) which is to replace AID's existing financial management systems. At the same time, OIRM is continuing to maintain and, in some cases, upgrade the systems that are scheduled to be subsumed by AWACS.

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<sup>1</sup>Information Resources Management: Initial Steps Taken But More Improvements Needed in AID's IRM Program (GAO/IMTEC-92-64, September 29, 1992) and Financial Management: Inadequate Accounting and System Project Controls at AID (GAO/AFMD-93-19, May 24, 1993).

Further, AID's program offices are continuing to develop systems that meet specific program information needs. Because many of the program systems fall below certain dollar thresholds, there is no central inventory or control over these systems. Overall, there is limited central oversight and management control for all system initiatives underway at AID at any one time.

- (2) AID does not have accurate information on its systems plans and initiatives. The various planning documents are not as consistent as they should be in any given year or even within the same planning document from year to year. Although all CFO initiatives should be included in the comprehensive 5-year agencywide IRM plan, this has not generally been the case, and wide fluctuations in numbers of planned systems have been common. Table 1 shows the wide variance in reporting the number of systems by plan over a 4-year period. Since 1993, AID has been more consistent in reporting the number of systems in its plans to OMB. For example, in fiscal year 1994, the IRM plan included the one system listed in the CFO plan, whereas in 1991, five of the six systems listed in the CFO plan were not included in the IRM plan.

Table 1: Number of Systems in 5-Year Planning Documents

Year Plan Issued	IRM Plan	CFO Plan	Systems Projects in Both Plans
1991	24	6	1
1992	11	8	2
1993	10	8	6
1994	8	1	1

We also found problems with regard to resource requirements in that the CFO plan listed no resource requirements for fiscal years 1991 through 1994, even though during those years AID spent \$12.7 million on the AWACS system alone.

- (3) There is limited linkage between AID's external budget reports and internal planning documents. For example, over a 6-year period (fiscal years 1989-1994), we found 87 system development projects reported in AID's Budget Exhibit 43 report (which reports to the Office of Management and Budget actual, estimated,

and requested resource requirements for IRM); but only 17 of the 87 projects were in the IRM plan and only 2 were in the CFO plan. When many system development projects are missing from these plans (in this case 68), it is difficult, if not impossible, for management to track and monitor IRM spending back to the plans. Table 2 illustrates differences in spending between the planning documents and the Budget Exhibit 43 Report.

Table 2: Differences Between Planned Spending and Actual Spending Reported on Budget Exhibit 43 Report (Dollars in millions)

Fiscal years	Total Costs in IRM and CFO Plans	Budget Exhibit 43 Report
1991	\$19.0	\$6.0 <sup>a</sup>
1992	15.0	7.2
1993	18.7	8.5
1994 <sup>b</sup>	17.1	9.6
1995 <sup>c</sup>	19.0	8.5

<sup>a</sup>Figure from AID's contract management system.

<sup>b</sup>Estimated.

<sup>c</sup>Requested.

These problems undermine the value of information (1) AID's managers need to effectively develop, implement, and operate information systems and (2) the Congress and the Office of Management and Budget need to provide appropriate oversight. Further, the situation increases the risk of incurring unnecessary costs for developing and maintaining redundant systems. In our briefing, we pointed out examples where AID (1) started IRM projects and then canceled them a year or two later and (2) continued to spend millions of dollars to maintain and upgrade systems scheduled to be replaced in the near future.

Further, we identified an opportunity where AID and the Department of State can work together in developing one financial management system to serve the needs of both agencies. Like AID's effort, State's initiative--the Integrated Financial

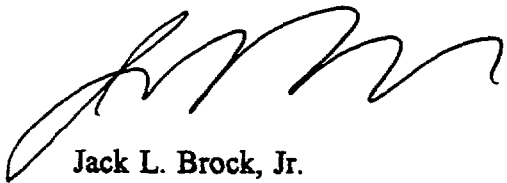
Management System (IFMS)--is to link or replace many of its current systems. We found that these two projects have similar financial management functional capabilities and completion milestones. For example, both AWACS and IFMS have similar milestones for and are currently focused on the following core financial management areas: general ledger, accounts receivable, accounts payable, funds distribution/budget execution, and disbursing. But most importantly, since both agencies' overseas offices are collocated and use common administrative and financial management systems, we believe that AID and State should consider opportunities to streamline operations and save money by combining their system development efforts. We are also discussing this matter with Department of State officials.

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We are sending copies of this letter to the Chairmen and Ranking Minority Members of the House and Senate Committees on Appropriations, the Senate Committee on Foreign Relations, the House Committee on International Relations, the Senate Committee on Governmental Affairs, and the House Committee on Government Reform and Oversight; the Director of the Office of Management and Budget; and the Under Secretary for Management, Department of State.

We conducted our follow-up work from November 1994 to June 1995 in accordance with generally accepted government auditing standards. If you have questions on this letter, please contact me at (202) 512-6240 or Ernst F. Stockel, Assistant Director, at (202) 512-3291.

Sincerely yours,



Jack L. Brock, Jr.  
Director, Information Resource  
Management/National Security and  
International Affairs

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