

DOCUMENT RESUME

02623 - [A1852870]

[Proposed Procurement of Equipment for the Department of Agriculture's Kansas City Computer Center]. LCD-77-114; B-146864. June 23, 1977. 3 pp. + 2 enclosures (8 pp.).

Report to Rep. Jack Brooks, Chairman, House Committee on Government Operations; by Elmer B. Staats, Comptroller General.

Issue Area: Automatic Data Processing: Acquiring and Using Resources (102); Federal Procurement of Goods and Services: Definition of Performance Requirements in Relation to Need of the Procuring Agency (1902).

Contact: Logistics and Communications Div.

Budget Function: Miscellaneous: Automatic Data Processing (1001).

Organization Concerned: Department of Agriculture; General Services Administration.

Congressional Relevance: House Committee on Government Operations; Senate Committee on Agriculture and Forestry.

Cooperative efforts among officials of GAO, the Farmers Home Administration, and the Department of Agriculture's Office of Automated Data Services to work out the details for a feasibility study have resulted in a better understanding of the problem and a more deliberate approach to meeting the information processing needs of the Farmers Home Administration. Findings/Conclusions: The Farmers Home Administration decided to proceed with its Unified Management Information System without the on-line terminal network that would have included terminals in every county office. The scope of the current plan for implementing the Unified Management Information System and for testing the concept has been narrowed from the multi-state test originally planned and will be departmentwide, rather than single-agency oriented. GAO supports the plan because it contains the safeguards suggested earlier by GAO, allows Agriculture to proceed with procuring equipment for its Kansas City Computer Center, allows for development of the National Operating Center concept as the basis for implementing the Unified Management Information System, and does not require that contract options be used for additional computer capacity until such needs have been satisfactorily demonstrated. (SC)



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

B-146864

JUN 23 1977

The Honorable Jack Brooks
Chairman, Committee on Government
Operations
House of Representatives

Dear Mr. Chairman:

Our January 28, 1977, letter informed you that the Department of Agriculture generally agreed with our suggestions on its proposed acquisition of equipment for its Kansas City Computer Center. Our suggestions, made to your office on November 23, 1976, were included in your December 21 letter to the Acting Secretary of Agriculture.

In response to our suggestion that telecommunications requirements for the full field service concept be eliminated from the proposed procurement, Agriculture requested that the computer equipment request for proposals contain options to expand computer capacity to support potential teleprocessing requirements of the Agricultural Service Centers. We told you that if Agriculture performed suitable tests and prepared the necessary feasibility studies, we would agree with such options being included in the proposals. We also told you that we were working with Agriculture officials to develop a feasibility study that would indicate whether using terminals in its county office operations would benefit the Farmers Home Administration. We agreed to report the results of our efforts to you.

Since January 1977, we have had many discussions and working sessions with officials of the Farmers Home Administration and Agriculture's Office of Automated Data Services to work out the details for the study. These cooperative efforts have resulted in a better understanding of the problem and a more deliberate approach to meeting the information processing needs of the Farmers Home Administration. The Farmers Home Administration has decided to proceed with its Unified Management Information System without the on-line terminal network (full field service concept) that would have included terminals in every county office.

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In an April 29 letter (see enc. I), the Farmers Home Administration formally notified us of the change in its planned method for implementing the Unified Management Information System and its acceptance of the suggested safeguards included in your February 14, 1977, letter to us. Briefly, the Farmers Home Administration plans to:

- Implement and begin field testing the National Operating Center concept 18 months after release of the request for proposals for the new computer system.
- Participate in the Agricultural Service Center program and in the terminal test tentatively planned for the State of Illinois. The existing terminal capability will be used to test the full field service concept at that time (18 to 24 months after release of the request for proposals).
- Expand the terminal test to other locations (within the Agricultural Service Center concept) only after the Illinois test demonstrates to Agriculture and your Committee that county office automation is desirable.

The scope of the above plan has been narrowed from the multi-State test originally contemplated and will be departmentwide, rather than single-agency oriented. Agriculture indicates that it plans to conduct the test without exercising any of the communications options contained in its request for proposals.

We agree with the plan because it (1) contains the suggested safeguards, (2) allows Agriculture to proceed with procuring equipment needed for its Kansas City Computer Center, (3) allows for development of the National Operating Center concept as the basis for implementing the Unified Management Information System and (4) does not require that contract options be used for additional computer capacity until such needs have been satisfactorily demonstrated. This plan is included as part of the delegation of procurement authority granted by the General Services Administration on April 8, 1977. (See enc. II.)

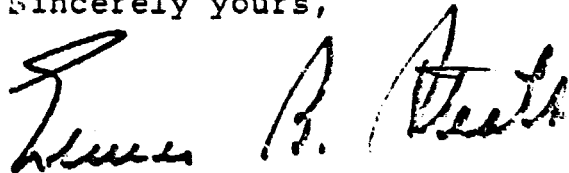
The Farmers Home Administration plans to proceed shortly with the feasibility study which we proposed in our January 28 letter. We believe that it will help define the operational environment for terminals and identify those processes

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for which automation could be cost effective. However, the Farmers Home Administration has made substantial modifications in its Unified Management Information System implementation plans and the feasibility study will now address only Farmers Home Administration applications rather than the departmentwide applications ultimately intended. Therefore, we plan to discontinue monitoring the feasibility study. We will, however, keep abreast of the State of Illinois test if and when it is conducted.

As discussed with your office, we are sending copies of this letter to the chairmen of congressional committees interested in Agriculture's activities, the Secretary of Agriculture, and the Administrator of General Services.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James B. Heath". The signature is written in a cursive style with a large, prominent initial "J".

Comptroller General
of the United States

Enclosures - 2

ENCLOSURE I

ENCLOSURE I

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
WASHINGTON, D.C. 20250

APR 29 1977

Mr. Fred J. Shafer, Director
Logistics and Communication Division
General Accounting Office
441 G Street, NW, Room 5850
Washington, D.C. 20598

Dear Mr. Shafer:

The purpose of this letter is to convey to you our current plans for testing and implementation of our Unified Management Information System and to indicate actions underway within the Office of Automated Data Systems (ADS) that interact with our plans.

Farmers Home Administration is now planning to implement the National Operating Center (NOC) environment as our initial nationwide Unified Management Information System operational concept. Implementation of NOC is proceeding well and operational field testing should begin 18 months after release of the Kansas City Computer Center request for proposals by ADS. Nationwide implementation is scheduled during the succeeding six months.

It is our understanding that ADS is developing plans for a county office automation project to be coordinated with all agencies, including FmHA, that are participants in the Agricultural Service Center (ASC) program. We understand further that an initial step in this project would be a Statewide test, now currently being considered for Illinois. It is our intention to actively participate in this effort and to take advantage of such terminal capability to conduct a Statewide test of our Full Field Service approach in UMIS. We would rely on ADS to provide terminals in offices designated as ASC's, augmenting the non-ASC locations with FmHA terminals currently installed in selected county offices. Concurrently, we would convert the system which now supports our county offices equipped with terminals (13 by the time of the ADS test in Illinois) to the FFS environment since the St. Louis Computer Center will close when NOC becomes operational nationwide. Results in these counties will be included with the evaluation of the Illinois test.

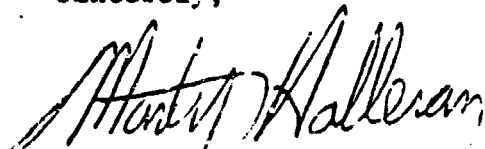
ENCLOSURE I

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It is our understanding that implementation of this test would not require ADS to exercise any of the communications options included in the Kansas City Computer Center RFP. As requested by Congressman Brooks, such initiative would be accomplished only after it had been demonstrated to our joint satisfaction that county office automation had been proved desirable based on the above feasibility testing and after review of the evaluation by Mr. Brooks' committee. Any expansion of testing to other locations or conversion of NOC to FFS would be done only in conjunction with Departmentally coordinated extension of terminal capabilities into Agricultural Service Centers.

We are hopeful that this approach will permit the Department to proceed with a realistic test vehicle for county office automation while preserving the future option of FmHA to implement its Full Field Service should that prove justified. I would appreciate your concurrence in the above plans. If you have any questions, please call me on 447-7015

Sincerely,



MARTIN J. HOLLERAN
Acting Deputy Administrator
Financial and Administrative Operations

GENERAL SERVICES ADMINISTRATION

Automated Data and Telecommunications Service
Washington, DC 20405



Mr. Edward C. Gauthier
Chief, Procurement Division
Office of Operations
U. S. Department of Agriculture
Washington, DC 20250

APR 8 1977

Dear Mr. Gauthier:

In accordance with the provisions of Federal Procurement Regulations 1-4.1105, we are granting your agency a delegation of procurement authority (DPA) to acquire a new computer system for your Kansas City Computer Center (KCCC) as set forth in your letter of March 3, 1977, and as clarified during the review meeting with your agency on March 22, 1977. This also acknowledges the receipt on April 1, 1977, of the addendum (same date) to the KCCC/St. Louis Computer Center Requirements Study (FMC 74-1).

This DPA is being granted for the acquisition of the computer system on a fully competitive basis and is subject to the attached normal limitations plus the special limitations contained in this letter. Failure to follow the normal and special limitations will render this DPA voidable. The special limitations are as follows:

1. We are withholding approval under Federal Property Management Regulations (FPMR) 101-32.11 and FPMR 101-35 for any data communications facilities associated with the KCCC pending completion of the following:

a. Submittal of an agency procurement request (APR) for data terminals to support the National Operations Center (NOC) concept that was referenced in your letter of March 3, 1977, and attached solicitation document. The APR shall include a data communications study in accordance with the requirements of FPMR 101-32.11. The study shall include the specific data transmission requirements for all data terminals that are required to support the NOC concept and the most economical system plan for fulfilling the data transmission requirements.

b. Submittal of an APR with a feasibility study that contains both the data communications/central processor workload requirements for the full Agricultural Service Center (ASC) concept and the favorable cost/benefit justification for proceeding with a pilot test of data communications facilities for the

ASC concept. The APR shall be limited to the number of data terminals that will be required to implement the pilot test. The feasibility study shall be prepared in accordance with instructions from the GAO and shall also fulfill the requirements of FPMR 101-32.11. As requested by the Congress, the feasibility study shall be evaluated by the GAO. Copies of the GAO evaluation shall be sent to Congressman Brooks and to the General Services Administration (GSA) for review prior to implementation of the pilot test program and prior to exercising mandatory option 1 in the KCCC solicitation.

e. If it is determined that a pilot test is justified by the initial feasibility study, the results of the pilot test shall be reported in an updated version of the study. The updated study shall be submitted to the GAO for evaluation. The updated study shall include an APR for the total number of data terminals that will be required to implement the full ASC concept. Copies of the GAO evaluation of the pilot test program shall be sent to Congressman Brooks and to GSA for review prior to implementation of the data communications system to support the full ASC concept that was referenced in your letter of March 3, 1977, and prior to exercising mandatory option 2 in the KCCC solicitation. The updated study shall follow the requirements of FPMR 101-32.11 and shall include the total costs of implementing the data communications system to support the full ASC concept.

2. Our DPA includes authorization to release a separate solicitation for software conversion at the same time the solicitation for the hardware is released. Your evaluation of software conversion proposals shall assure that in no event will a separate conversion award for the equipment RFP conversion line item be for a price greater than the difference between the winning ODM vendor's total costless conversion and the next lowest ODM's total cost. The solicitation for software conversion will be subject to the attached limitations, except for 4a,b,d and 5, including submission to GSA for final review prior to release to industry.

3. Since your agency has determined that the use of the Remote Terminal Emulator (RTE) is a mandatory requirement to perform the live test demonstrations (LTD), your agency shall give advance notice to industry, 30 days prior to release of the RFP, indicating that you intend to use a RTE with the LTD. This advance notice shall consist of pre-release of the detailed LTD instructions specifying the exact manner in which the RTE is to be implemented. Notice of the availability of this material for review and comments shall be published in the Commerce Business Daily. Your agency shall provide to GSA, ADPS/CPS, Washington, DC 20405, detailed justification for the use of the RTE and all related RFP provisions at the time of the industry notice.

4. Your agency shall notify GSA, ADTS/CPS in writing of any inquiries you may receive from vendors concerning the data security requirements of the solicitation. This notification shall include the precise nature of the inquiry plus any amendments that your agency plans to make to the data security part of the solicitation.

5. Your agency shall notify GSA, ADTS/CPS in writing prior to issuing any purchase orders against GSA requirements or schedule contracts for data terminals that are intended for use with the KCCC. This written notification shall be made at least 20 working days prior to issuing a purchase order. Your intention to use terminals acquired through excess means, from either inside or outside USDA, shall also be reported to GSA.

This delegation is based upon the assumption that the system configuration contained in the solicitation including the data communications ports specified as mandatory procurement option one and two and the system capacity requirements outlined in your benchmark fulfill both the intent and spirit of the Congressional review and guidance for the KCCC.

Sincerely,

(Signed) Michael Muntner

MICHAEL MUNTNER
Assistant Commissioner for
Agency Assistance, Planning and Policy

Enclosure

Enclosure 1

LIMITATIONS FOR DELEGATION OF ADPE PROCUREMENT AUTHORITY

Agency Department of Agriculture Case Number: CPS-TQ-058

Jm 1. You shall follow the policies contained in Federal Management Circular (FMC) 74-5. This FMC pertains to the Management, Acquisition, and Utilization of ADPE.

Jm 2. You shall follow the provisions of Federal Procurement Regulation (FPR) 1-4.11. This FPR pertains to Procurement and Contracting for Government-wide Automated Data Processing Equipment, Software, Maintenance Services, and Supplies. If initialed, the modifications to FPR 1-4.11 set forth below apply.

a. In addition to the GSA centralized Bidders Mailing List (BML) obtained in accordance with the provisions of FPR 1-4.1107-3(b), and/or FPR 1-4.1107-3(d), as applicable, you shall use the attached informal BML.

b. Because of the urgency of your requirement, you are relieved of the requirements set forth in FPR 1-4.1107-3(b) and/or FPR 1-4.1107-3(d), as applicable. Instead, you shall make informal (telephonic or telegraphic) solicitation relative to this proposed procurement to the original equipment manufacturer, to all known active bidders, and to those companies set forth on the attached informal Bidders Mailing List.

Jm 3. You shall follow the provisions of such other procurement regulations as may apply.

Jm 4. You shall follow the provisions of such Federal Property Management Regulations (FPMR) as may apply. Of particular importance are the FPMR's set forth below.

Jm a. FPMR 101-32.2. This FPMR pertains to the Automatic Data Processing Resources Utilization Program.

Jm b. FPMR 101-32.3. This FPMR pertains to the Reutilization of Automatic Data Processing Equipment and Supplies Program.

Jm c. FPMR 101-32.4. This FPMR pertains to ADP Management Responsibilities Related to Procurement.

Jm d. FPMR 101-32.13. This FPMR pertains to the Implementation of Federal Information Processing Standards Publications (FIPS PUBS).

Jm e. FPMR 101-35.2. This FPMR pertains to major changes to and/or new installations of telecommunications services.

Jm 5. You shall follow the policies contained in GSA Bulletin FPMR E-63, if applicable. This Bulletin pertains to the Maintenance of Government-owned ADPE.

6. This DPA is limited by the provisions of Office of Management and Budget (OMB) Circular Number A-108, and Transmittal Memorandum Number 1 thereto. Accordingly:

a. This DPA is not valid until 60 days following the submission of the required new-systems report to the Congress, the Privacy Protection Study Commission, if applicable, and the Office of Management and Budget.

b. This DPA shall be suspended, in the event that an objection to the new system is received as a result of the OMB-directed action identified in subparagraph a. above. In addition, your suspending action shall be reported to the General Services Administration, (Attention: CDPD), Washington, DC, 20405, as soon as it occurs.

c. Upon resolution of any objection received as a result of the submission of a new-system report, all of the pertinent facts shall be submitted to the General Services Administration (Attention: CDPD), Washington, DC, 20405. GSA shall notify you of the receipt of such resolution documentation within eight workdays after receipt. Unless objection on the part of GSA is raised at that time, this DPA shall be considered as having been removed from suspension status.

7. This is an Interim DPA. It is valid for a period of _____ months commencing with the date of issue. Further, it is valid and may be used only if you accept this schedule for full recompetition, to include the allocation of the necessary resources to ensure the timely completion of such procurement

action, and all other conditions set forth in this Interim DPA and its limitations. If at any time during the life of this Interim DPA, presently unforeseen events or circumstances arise which would impact (delay) the reprourement action, the General Services Administration (Attention: CDPD), Washington, D.C., 20405, shall be notified immediately, so that an appropriate, mutually agreed to modification to this Interim DPA can be established.

8. Conversion costs relating to your present data systems, applications programs, and equipment may be considered in the evaluation phase of the follow-on, fully competitive procurement. In addition, conversion costs relating to all new data systems and/or new applications programs which you may develop, may be considered, if, from the date of this DPA forward, such development is implemented by your using a Federal Standard high level language. If this cannot be done, such conversion costs which result from the development of programs in non-standard language(s) may not be considered in the evaluation phase of your reprourement. Conversion costs relating purely to the physical aspects of any equipment acquired as a result of this Interim DPA shall not be considered. Additionally, evaluation of any proposal received from a vendor of the equipment line of the installed system which proposes equipment which is program compatible, but is of different architecture than the installed equipment, shall consider costs of program and/or system conversion, modification, or changes which are required, in order to take advantage of improvements in operation, as a result of such differences.

9. Your agency shall prepare and submit progress reports relative to the follow-on procurement. These reports shall be submitted to the General Services Administration (Attention: CDPD), Washington, DC, 20405. The first such report shall be due on or before _____ and shall cover the period through _____ and continue thereafter on a quarterly basis until the follow-on procurement has been completed.