

GAO

United States General Accounting Office

Report to the Chairman, Subcommittee
on Information, Justice, Transportation,
and Agriculture, Committee on
Government Operations, House of
Representatives

October 1993

**INFORMATION
RESOURCES**

**USDA Lacks Data on
Major Computer
Systems**





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

Accounting and Information
Management Division

B-255376

October 21, 1993

The Honorable Gary A. Condit
Chairman, Subcommittee on Information, Justice,
Transportation, and Agriculture
Committee on Government Operations
House of Representatives

Dear Mr. Chairman:

This report responds to your request for information on computer systems under development at the U.S. Department of Agriculture (USDA) with estimated life-cycle costs¹ greater than \$25 million. This request resulted from an April 22, 1993, Subcommittee hearing, at which we testified² on the need to restructure USDA and reflects the Subcommittee's interest in major computer systems that are being developed for the Department.

Results in Brief

According to the Department, it has 17 major systems under development with total estimated life-cycle costs of \$6.3 billion. One of these—a major information technology modernization program for the farm service agencies called Info Share—accounts for about \$2.6 billion or about 41 percent of the total.³ The Department has two additional major initiatives—one to streamline administrative processes and another to develop integrated financial information systems—that are still in early planning stages and therefore do not yet have estimated life-cycle costs.

Although specific information about major systems is required by Office of Management and Budget (OMB) Circular A-11, "Preparation and Submission of Budget Estimates," USDA has not routinely collected and reported these basic data and therefore has not fully complied with OMB Circular A-11 reporting requirements. Decisionmakers in USDA, OMB, and the Congress need these data to determine (1) how and to what extent information technology is being used and (2) whether planned information technology investments warrant further review. Recently, USDA has taken steps to comply with OMB Circular A-11.

¹Life-cycle costs include the cost to acquire computer equipment, software, and telecommunications, as well as the cost for software development, system maintenance, and site preparation.

²Revitalizing USDA: A Challenge for the 21st Century (GAO/T-RCED-93-32, April 22, 1993).

³The farm service agencies include the Agricultural Stabilization and Conservation Service, Farmers Home Administration, Federal Crop Insurance Corporation, and Soil Conservation Service.

Background

With the third largest civilian agency budget in the federal government, USDA affects the lives of all Americans and millions of people around the world. To carry out its missions, in 1992 the Department and its 42 constituent agencies spent about \$60 billion.

USDA's Office of Information Resources Management (OIRM) has overall responsibility for departmentwide management and oversight of information resources management (IRM) activities. OIRM's responsibilities include developing and administering IRM policy and reviewing and approving the acquisition of information systems. The Department and its agencies spend about \$800 million a year on their IRM activities.

Scope and Methodology

To obtain the information requested, we asked USDA to provide information on each system under development with a life-cycle cost of more than \$25 million. Our request included (1) a brief narrative description of each system, (2) the budget request for fiscal year 1994, (3) the estimated life-cycle cost through fiscal year 1999, and (4) the total estimated life-cycle cost.

We also analyzed information in USDA budget submissions on USDA's information technology obligations and systems for fiscal year 1994 and for previous years. To obtain information on planning and oversight by USDA's OIRM, we interviewed OIRM officials at USDA headquarters in Washington, D.C., and reviewed pertinent documentation. We did not independently contact representatives of USDA's 42 component agencies to verify the completeness and accuracy of the information on systems under development provided by USDA.

17 Major Systems Under Development That Cost \$6.3 Billion

The Department provided us with information showing that it has 17 computer systems under development with total estimated life-cycle costs of \$6.3 billion.⁴ These include new systems under development as well as major enhancements of existing systems. One initiative, called Info Share, is intended to modernize information technology for the farm service agencies, reengineer business processes, and integrate information systems. This project alone accounts for about \$2.6 billion, or about 41 percent, of the total estimated system life-cycle costs. Details on the 17 systems under development are included in appendix I.

⁴In accordance with your request, this includes only computer systems with estimated total life-cycle costs greater than \$25 million.

The Department has two additional major initiatives that are still in the early planning stages and for which life-cycle costs have not yet been determined. The first initiative, called the Modernization of Administrative Processes, is intended to reduce the cost of transacting business within the Department by streamlining and improving administrative processes and systems. The second initiative, called the Financial Information System Vision and Strategy, is intended to create integrated financial information systems with common data definitions, data structures, and communication techniques to provide timely and accurate information to management and operating personnel.

USDA Lacks Information on Computer Systems

USDA did not fully comply with Circular A-11, which OMB established to assist in the collection and reporting of budget information and formulation of the President's budget. This circular provides detailed instructions on the preparation and submission of annual budgets and associated materials and attempts to standardize the way data are collected and reported by federal agencies. One of the circular's specific requirements is that agencies submit information technology data that include detailed information on the acquisition, operation, and use of all information technology resources, including system-specific budget information. Specifically, agencies must report cost data on major information system initiatives with life-cycle costs greater than \$25 million (or for which obligations exceed \$10 million in a fiscal year) and major planned technology acquisitions with acquisition costs greater than \$5 million.

When we requested information on major systems under development, OIRM officials said that they did not have the data readily available. While OIRM had information on each agency's IRM budget, it had not collected accurate and complete data for each system from component agencies which is needed to fully comply with OMB Circular A-11 instructions. Although OIRM officials understood that OMB Circular A-11 requires agencies to supply system-specific information, they said they did not ensure that this information was collected and accurately reported because of staffing shortages. OIRM officials supplied most of the information we requested about 2 months after we first requested it by making a special request of the USDA agencies developing the systems.

Data required by OMB Circular A-11 would routinely provide USDA decisionmakers with key information needed to improve oversight of the Department's information technology investments. In an internal

document developed in late 1991, OIRM stated that USDA component agencies frequently planned and implemented major acquisitions for equipment, software, and services before OIRM was involved and without any continuing departmental knowledge or input.⁵ OIRM also stated that under its budget review process, it could not determine if there were duplications of systems across agencies that could have been eliminated or if agency requests addressed the same cross-cutting issues that should have been coordinated.

OIRM officials are taking steps to comply with OMB Circular A-11. In June 1993 OIRM issued guidance to its component agencies on how to report information for the fiscal year 1995 budget submission. OIRM also conducted half-day workshops with OMB assistance to clarify what information should appear in agencies' fiscal year 1995 OMB Circular A-11 submissions and to answer questions. In addition, OIRM has hired additional staff to provide increased oversight of component agencies' IRM initiatives.

We believe that USDA's failure to routinely collect and report complete information technology data as required by OMB Circular A-11 constitutes a material internal control weakness under the Federal Managers' Financial Integrity Act of 1982 (31 U.S.C. 3512 (b) and (c)).⁶ As previously discussed, decisionmakers in USDA, OMB, and the Congress need these data to determine (1) how and to what extent information technology is being used and (2) whether planned information technology investments warrant further review. USDA's investment decisions on these systems involve hundreds of millions of dollars annually, and the lack of these data reduces safeguards over these expenditures and increases the risk that inadequately planned and duplicative systems may be funded.

Conclusions

The Department has 17 major systems under development with total estimated life-cycle costs of \$6.3 billion. However, USDA has not routinely collected or maintained basic information on these systems. In our opinion, the omission of these data constitutes a material internal control

⁵Office of Information Resources Management, Proposal for Enhanced Oversight, undated.

⁶OMB has defined a material weakness as a specific instance of noncompliance with the Financial Integrity Act of sufficient importance to be reported to the President and the Congress. Such weaknesses would significantly impair the fulfillment of an agency component's mission; deprive the public of needed services; violate statutory or regulatory requirements; significantly weaken safeguards against waste, loss, unauthorized use or misappropriation of funds, property, or other assets; or result in a conflict of interest.

weakness and hinders efforts by decisionmakers to make informed decisions on critical information technology investments.

Recommendations

We recommend that the Secretary of Agriculture direct the Director, OIRM, to review the component agencies' budget submissions and verify the agencies' compliance with the requirements of OMB Circular A-11 before the Department's fiscal year 1995 and subsequent budget submissions are forwarded to OMB.

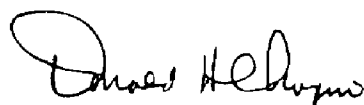
We also recommend that the Secretary of Agriculture report the lack of complete information technology systems data as a material internal control weakness under the Federal Managers' Financial Integrity Act. This weakness should remain outstanding until USDA fully complies with the requirements of OMB Circular A-11.

As requested by your office, we did not obtain official agency comments on a draft of this report. However, in September 1993, we discussed the report's contents with senior USDA OIRM officials, including the Director of USDA's OIRM. These officials generally agreed with the facts presented.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this letter. We will then provide copies of the report to the Secretary of Agriculture; the Director, Office of Management and Budget; the Chairmen and Ranking Minority Members of the Senate Committee on Agriculture, Nutrition, and Forestry; the House Committee on Agriculture; the Senate and House Committees on Appropriations; the Senate Committee on Governmental Affairs; the House Committee on Government Operations; and other interested parties. Copies will also be made available to others upon request.

This report was prepared under the direction of Dr. Rona B. Stillman, GAO's Chief Scientist for Computers and Communications, who can be reached at (202) 512-6412 if you or your staff have any questions. Other major contributors are listed in appendix II.

Sincerely yours,



Donald H. Chapin
Assistant Comptroller General

Contents

Letter	1
Appendix I Major USDA Systems Under Development	10
Appendix II Major Contributors to This Report	13

Abbreviations

APHIS	Animal and Plant Health Inspection Service
ASCS	Agricultural Stabilization and Conservation Service
FmHA	Farmers Home Administration
FNS	Food and Nutrition Service
FS	Forest Service
FSIS	Food Safety and Inspection Service
IRM	Information Resources Management
OIRM	Office of Information Resources Management
OMB	Office of Management and Budget
SCS	Soil Conservation Service
USDA	U.S. Department of Agriculture

Major USDA Systems Under Development

Dollars in thousands

Agency	Name of system and description	Fiscal year 1994 budget request	Estimated 1995-1999 life-cycle cost	Estimated total life-cycle cost
Agricultural Stabilization and Conservation Service (ASCS)	State and County Office Automation Project is ASCS' first distributed processing effort at its 2,800 state and county sites supporting programs delivered by field offices.	\$ 43,488	\$ 472,449	\$1,523,319
ASCS	Processed Commodities Inventory Management System is to provide three agencies (ASCS, Agricultural Marketing Service, and Food and Nutrition Service) with on-line information retrieval and automated transaction processing to order, purchase, and distribute processed agricultural commodities.	27,604	99,458	439,728
Animal and Plant Health Inspection Service (APHIS)	Integrated Systems Acquisition Project is to establish a framework for improving the delivery and administration of APHIS programs. Initial contracts are to be awarded by the end of fiscal year 1994.	4,950	130,259	243,417
Farmers Home Administration (FmHA)	Centralized Single Family Housing Loan System is to provide improved and standardized single family housing loans and reduce agency costs of loan servicing.	4,232	37,953	42,352
FmHA	Automated Multi-family Housing Accounting System is to contain accounting records for about 22,000 loans with an on-line transaction input and inquiry capability.	2,915	19,958	77,021
FmHA	Program Loan Accounting System is to provide accounting, servicing, and reporting functions for over 30 direct loan and grant programs having about 1.35 million loans.	16,968	78,349	352,268
Food and Nutrition Service (FNS)	Food Stamp Program Integrated Information System is to support the administration of the food stamp program.	2,497	8,620	35,926
FNS	Special Nutrition Programs Integrated Information System is to support the administration of special nutrition programs.	1,875	6,344	25,117

(continued)

**Appendix I
Major USDA Systems Under Development**

Dollars in thousands

Agency	Name of system and description	Fiscal year 1994 budget request	Estimated 1995-1999 life-cycle cost	Estimated total life-cycle cost
FNS	Agency Financial Management System is to be the single accounting system designed to meet Treasury and OMB requirements.	\$2,822	\$9,173	\$29,448
FNS	Technology Infrastructure Modernization is a project to modernize the existing technology supporting all FNS staff in performing their functions.	85	48,028	138,509
FNS	Electronic Benefit Transfer is the application of electronic technologies such as smart cards to eliminate paper stamps and vouchers in the food stamp and Women, Infants, and Children assistance programs.	11,376	44,458	73,438
Food Safety and Inspection Service (FSIS)	Field Automation and Information Management is to automate the agency's inspection and business practices by providing microcomputer access to all 4,500 field personnel.	2,156	50,893	142,835
Forest Service (FS)	Project 615 is the procurement of a new computer system to facilitate the access, use, and sharing of geographic, administrative, technical, and scientific data about the resources managed by the Forest Service.	26,000	491,000	510,000
Soil Conservation Service (SCS)	Strategic Resource Data Bases System is to automate the major natural resource data bases that support the SCS mission.	2,300	10,750	31,004
SCS	Information Technology Infrastructure is to provide information technology, methodologies, and software development tools to develop and support other applications.	3,200	14,800	27,250
SCS	Field Office Computing and Automation System is an initiative to award centralized contracts for hardware, software, and maintenance and support services.	3,446	1,179	41,208
Farm Service Agencies	Info Share is an effort to modernize information technology for the farm service agencies, reengineer business processes, and integrate information systems.	28,510	^a	2,600,000
Totals		\$184,424	\$1,523,671^b	\$6,332,840

(Table notes on next page)

Appendix I
Major USDA Systems Under Development

^aAccording to the USDA official responsible for managing the Info Share procurement, USDA did not supply this information because the Deputy Secretary and the Office of Budget and Program Analysis consider this information subject to change based on the Secretary's final decisions for the fiscal year 1995 budget and is inappropriate to release at this time.

^bThis total does not include costs for the Info Share program.

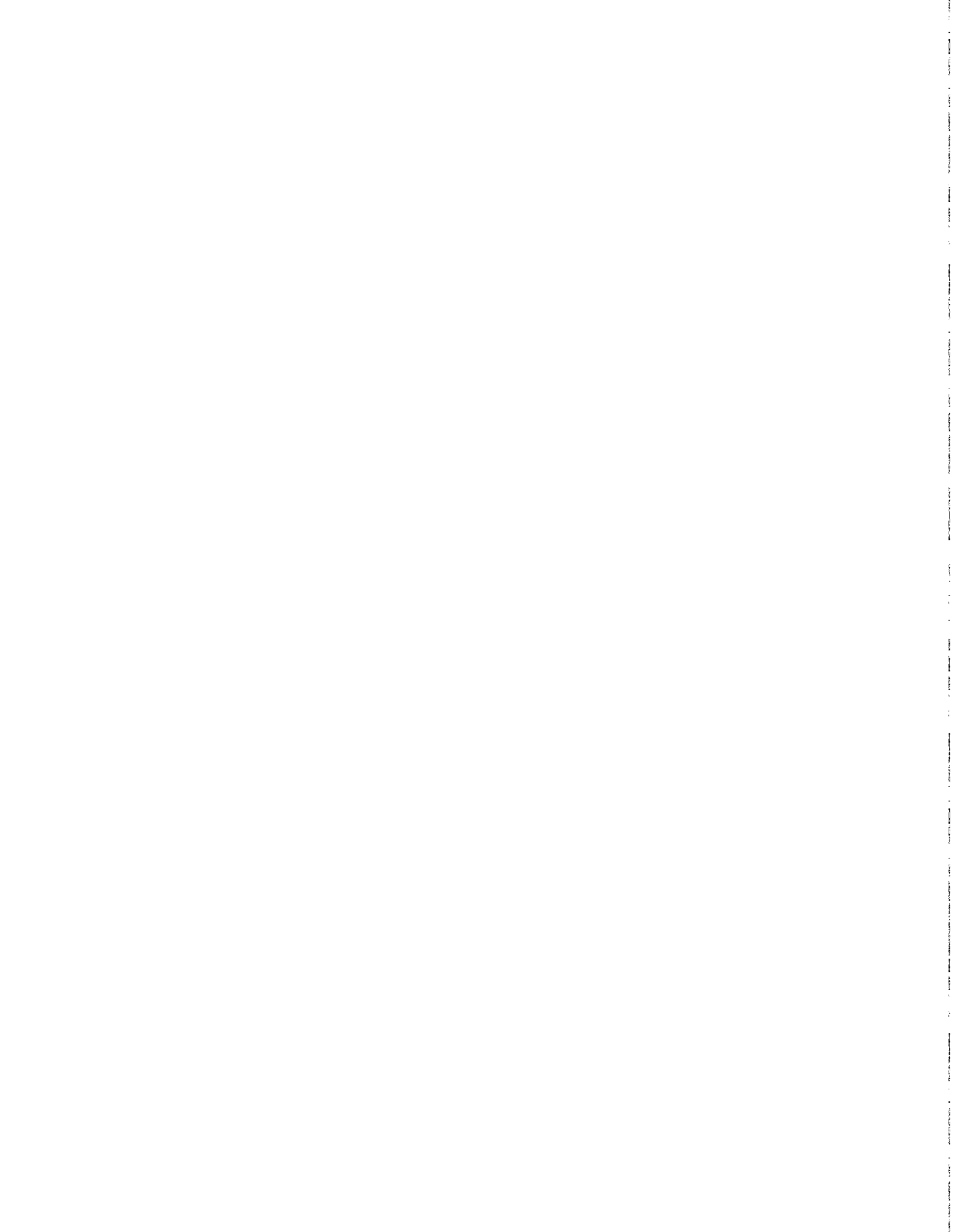
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