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PROFESSIONAL AUDIT REVIEW TEAM  
WASHINGTON, D.C. 20548

FOR RELEASE ON DELIVERY  
EXPECTED AT 10:00 A.M.  
THURSDAY, MARCH 22, 1984

STATEMENT OF  
F. KEVIN BOLAND, CHAIRMAN  
PROFESSIONAL AUDIT REVIEW TEAM  
BEFORE THE  
SUBCOMMITTEE ON FOSSIL AND SYNTHETIC FUELS  
OF THE  
HOUSE COMMITTEE ON ENERGY AND COMMERCE  
ON  
ACTIVITIES OF THE ENERGY INFORMATION ADMINISTRATION

Mr. Chairman and Members of the Subcommittee:

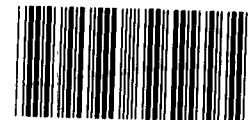
I welcome the opportunity to discuss the Professional Audit Review Team's (PART's) evaluation of the activities of the Energy Information Administration (EIA).

PART has closely followed EIA's activities over the past several years, and has issued four reports to the Congress and the President on our findings and recommendations. Because of PART's broad legislative mandate, we have focused our work on EIA's key management functions, and evaluated whether EIA's data collection and analysis activities are being performed in an objective and professional manner, consistent with the intent of the Congress.

In today's testimony I will draw heavily on the tentative findings and observations of our most recent work. We expect to report on these matters in April of this year.

In conducting our review, we noted that EIA continues to be faced with both budgetary and staffing resource constraints.

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Nevertheless, EIA has improved its performance in a number of areas since our last review. Specifically, EIA:

- is strengthening internal controls to better ensure its objectivity and independence,
- is in the process of assessing its staffing needs,
- has enhanced its annual planning activities, and
- has made significant progress in determining the usefulness of its energy data and publications.

A continuing, serious problem is the need for EIA to expand and improve its quality control and assessment activities to ensure the accuracy and credibility of energy information.

I will summarize our work in each of these areas.

#### QUALITY CONTROL AND ASSURANCE

As the focal point for federal energy information, it is essential that EIA have proper control and documentation of its energy information products to ensure that they are of high quality. Lower budget levels since 1981, however, have caused EIA to drastically reduce the scope and depth of its quality related activities.

EIA maintains that, because its data had previously reached a high quality level, the data would continue to be useful and important for energy decisionmaking and policymaking. Our review shows that EIA does not have an adequate basis for determining the overall quality of its data because it has not performed assessments of much of the data.

With regard to other aspects of its quality assurance program we found that EIA needs to

- improve the documentation for its models,
- improve the maintenance of its frames, which are the universes from which it collects data, and
- develop better guidance and procedures for quality control and assurance functions.

I would like to briefly discuss our findings in these areas.

#### Data accuracy

By the end of 1982, EIA had completed 14 validation studies to determine the accuracy of the data it collects and publishes. These were wide-scoped evaluations that also considered user needs for the data, the costs and benefits of collecting the data, and other aspects of the data collection forms. The 14 studies covered 25, or about 28 percent, of EIA's 88 forms.

EIA now believes the validation studies are too expensive and has decided to perform "quality audits." Because these quality audits are focused only on accuracy determinations they require less time and cost less than the validation studies.

At the time we completed our review, four quality audits, covering 11 data collection forms, had been performed. Therefore, through validation studies and quality audits, EIA had evaluated the accuracy of a total of 36 of its 88 data collection forms. Stated another way, about 59 percent of EIA's data collection forms have not been evaluated for accuracy. EIA

has not determined how soon all forms will be evaluated or how frequently it will re-audit them.

### Model documentation

EIA needs better documentation for its analytical and forecast models, which are used in the preparation of some of its reports. The DOE Organization Act requires EIA to ensure that adequate documentation for a report be available to the public when the report is published. In our May 1982 report, however, we noted that only one of EIA's 60 models had been adequately documented.

EIA has recognized the need to improve its model documentation. EIA updated its requirements and procedures for documenting basic models and contracted to have the documentation for some of its most important models evaluated against EIA's criteria.

Of the 44 models that are currently operated by EIA, 16 are "basic" models, which the Administrator has designated as being sufficiently important to require sustained support and public scrutiny. In mid-1983, EIA received contractors' reports that evaluated the documentation for ten of the basic models. According to these reports, none of the models was fully documented and most had adequate documentation in less than half of the areas in which they were evaluated. The Administrator has since instructed EIA's Office of Statistical Standards to not concur with the publication of any EIA report without adequate documentation.

### Frames maintenance

Because of its concerns about the frames from which EIA collects its data, EIA initiated a study of the status of 26 frames associated with major surveys in all fuel areas. We found that the contractor's report, issued in 1983, noted a number of areas in which improvements are needed to keep the frames current and reliable. For example, the report said that major updates of frames generally are not documented, many systems have no plans for systematic frame updates, and a few large systems have never had their frames updated or have had them updated only once. EIA had not completed its evaluation of the report or taken action on its recommendations.

### Quality Control and Assurance

#### Guidance and Procedures

EIA historically has emphasized the importance of its quality control and assessment activities. EIA has three program offices which are responsible for collecting, producing, and analyzing information on major fuel areas, and also for exercising quality controls over their work. A fourth office, the Office of Statistical Standards, has the responsibility for monitoring or assessing the effectiveness of the quality control activities carried out by the program offices. Overall responsibility for quality assurance rests with the Administrator.

We noted ways in which EIA could strengthen its quality control activities by developing better guidance and procedures for its program offices. We found that

--EIA has not ensured that there is clear understanding of the division of responsibilities for specific quality-related activities to be conducted by program offices and by the Office of Statistical Standards.

--EIA's program offices vary in their approach to carrying out quality control functions and have not developed program office-wide procedures for performing their quality control work.

--EIA has not assessed quality control activities to determine whether the program offices are giving sufficient resources to these activities to ensure high quality products.

In commenting on our findings, the Administrator stated that he shared our concern about quality assurance activities. He also said that EIA will prepare a "Quality Program Plan" that will address the problems we identified. The plan will cover model documentation; frames development, consolidation, and maintenance; evaluation of the program offices' quality control strategies; and preparation of program office-level policy statements to reinforce quality control procedures.

#### EIA'S INDEPENDENCE AND OBJECTIVITY

The independence and objectivity of EIA's activities from federal energy policy formulation and advocacy functions are essential for providing credible energy information and analyses. We found that EIA has continued to enhance its objectivity by obtaining expert review of and comment on its work, and has resisted outside influences on its work.

Nevertheless, EIA needs to improve its control over the analytical reports it prepares at the request of the Congress, executive branch agencies, and others. Before its July 1981 internal reorganization, EIA had procedures to record the assumptions that requesters wanted used in its forecasts and analyses and for clearly describing those analytical products that had been prepared at a specific client's request. In May 1982 PART recommended that EIA restore these internal controls because it believed that they were essential to maintaining EIA's image as a credible and independent source of energy information. Although EIA agreed, in our current review we found that our recommendations had not been implemented because higher priority had been given to other work requirements.

In our draft report, we repeated the recommendation and the Administrator said that EIA will issue orders to document and formalize operational processes and procedures for analytical products provided at the request of external customers.

#### PLANNING AND STAFFING

In our last report we stated that EIA had just completed its first annual operating plan and that it needed to integrate it into a comprehensive plan. In our current work we found that EIA has made progress in developing a comprehensive planning process. For example, the relationship between the annual operating plan and the annual procurement plan is being made more specific. Also, in EIA's annual operating plan,

descriptions of specific projects now provide information on the staff time that will be required and the associated contract costs. EIA has not completed a multiyear plan needed for a comprehensive planning system, but expects to complete such a plan by June 1984.

In our May 1982 report, we noted that EIA did not have adequate information on its personnel needs and recommended that these needs be assessed. EIA is now in the process of making an assessment. This should help to ensure that EIA's services are being effectively and efficiently delivered by each of its offices.

#### USEFULNESS OF DATA AND PUBLICATIONS

In our last report we stated that most of EIA's user needs studies have had serious shortcomings and little had been accomplished toward developing a systematic approach to identifying the needs of current and potential data users. In our current work, we found that EIA has made significant progress in reviewing user requirements for several major topic areas of energy information. Comprehensive reviews have been completed of the data requirements for the oil, nuclear, alternative energy, and electric energy topic areas, and a review is underway for natural gas.

Comprehensive reviews of requirements relating to coal, energy markets, and end use have not been performed. Although previous reviews of requirements for these areas were made, they were not comprehensive.



The EIA Administrator said that EIA will issue a formal requirement for planning data requirements studies for all topic areas.

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In summary, Mr. Chairman, we found that, while continuing to deal with budgetary and staffing constraints, EIA has improved its performance in a number of areas since our last review. However, EIA needs to expand and improve its quality control and assessment activities. PART has made a number of proposals with respect to these matters. EIA has concurred in those proposals and advised us of the actions it is taking or will take to implement them.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions you might have on PART or the results of our work.

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