

109955

~~10828~~
~~101633~~

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548



109955

FOR RELEASE ON DELIVERY
Expected at 10:00 AM EDT
Monday, July 23, 1979

Statement of

Walter L. Anderson
Senior Associate Director

Financial and General Management Studies Division

Prepared for the

SUBCOMMITTEE ON GOVERNMENT INFORMATION
& INDIVIDUAL RIGHTS OF THE
COMMITTEE ON GOVERNMENT OPERATIONS #1504

HOUSE OF REPRESENTATIVES

on the

[IMMIGRATION & NATURALIZATION SERVICE
PROPOSED PROCUREMENT OF
AUTOMATED DATA PROCESSING EQUIPMENT]
TO STREAMLINE AND UPDATE
OFFICE PROCEDURES

Mr. Chairman and Members of the Subcommittee

We are here today at your request to discuss the
Immigration and Naturalization Service's (INS) plans to
install minicomputers in its 49 offices. With me today
is Mr. Kenneth A. Pollock, Assistant Director.

Your invitation asked us to discuss two major points,
(1) the adequacy of INS's system concept development of the
Integrated Case Control System (ICCS) and (2) compliance
with OMB, GSA, and other Federal planning and procurement

005954

guidelines. I would like to discuss these in reverse order, the compliance question first.

In the time allotted we reviewed various studies conducted by your staff, the Department of Justice internal audit report on the model office project, our GAO report on the Alien Identification System and records prepared by the INS related to its attempt to automate its operations. We also interviewed officials from the INS's ADP and procurement offices.

Our review of the available information indicates that INS has six minicomputers at present. We found that (INS did not comply with many guidelines and regulations in procuring ^{its} these minicomputers; Five of ~~these~~ were procured through sole source, noncompetitive actions.)

The procurement of the first minicomputer came closest to complying with guidelines and regulations. It was stated to be a competitive procurement. Yet even there we found that the various purchasing alternatives were given little, if any, consideration. This computer was acquired on a straight lease basis. Alternatively, it could have been purchased, or leased with an option to buy with provision to apply some fraction of the lease payments as credits toward the purchase price.

Federal procurement policy indicates that ADP equipment, maintenance, and related services may be acquired through purchase, lease, or lease with option to purchase, or any other legally acceptable method. However, the

acquisition method chosen should be that which offers the greatest advantage to the Government. A comparative cost analysis of the alternative methods of acquisition should be developed to determine which method provides the Government with the lowest overall cost over the total system life.

The lease method is indicated only when it has been established that the conditions prescribing purchase are not attainable. Conditions calling for the purchase method are (1) the comparative cost analysis indicates that purchase will provide the Government with the lowest overall cost; (2) the approved budget contains funds intended for the purchase, or funds can be reprogrammed, or purchase can be made through the General Services Administration ADP fund.

The lease-with-option-to-purchase method is indicated when it is necessary or advantageous to proceed with the acquisition of the ADP equipment, but is desirable to defer the decision to purchase because circumstances do not fully satisfy the conditions which would indicate purchase.

(INS did not study the alternative methods of acquisition to determine the least cost or greatest advantage to the Government over the ~~equipment's~~ ^{of the first minicomputer purchase} estimated life.) INS

officials stated that the decision to lease the equipment was based on the fact that INS did not expect to lease the equipment more than 1 year. (The first minicomputer has already been in place 22 months.) (Although the INS intended the procurement of the minicomputers to be on

an interim basis to develop the experimental ADP system within the model office concept, the length of the equipment's lease - based on the probable experimental ADP system development cycle - should have been projected.)

We were advised that the existing lease contract does not contain any provision for an option to purchase. As a result, the Government will end up with no vested interest in the equipment, will not realize any residual value from it, and will not be able to reutilize it elsewhere.

This initial minicomputer was installed in late 1977. We believe proper consideration of alternatives at the time might have led to the conclusion that purchase or lease-with-option-to-purchase would have been a better choice.

(The other five minicomputers were procured through sole source procurement actions,) one in April 1978, and four this year. (All were also installed on straight lease contracts.) These procurements were done one at a time although it was known that they were components implementing the same INS applications. Federal Property Management Regulations and Federal Procurement Regulations were not followed. (Because no comparative cost analysis of this aspect of procurement was made by INS, leasing instead of purchasing these minicomputers may be more costly and less advantageous to the Government.)

With respect to Department of Justice regulations, the INS did not get required advance approval for the individual sole source leases of four of the minicomputers awarded in the last few days of fiscal year 1978.

(Another compliance violation is the use of a vendor specific programing language, in place of the Federal Standard.) Federal Standards are mandatory, so we would expect programing to be done in the latest version of the Common Business Oriented Language, or COBOL 74, as it is called. Instead, we found programing in the MACROL language. Use of this language, which applies only to one brand of computer, prevents the programs from being shifted to another brand of computer without an extensive and expensive manual conversion process.

With respect to compliance with OMB guidelines, we found that INS has not considered the procedures of OMB Circular A-109, which prescribes policies to guide Federal agencies in managing their major system acquisition programs. This circular is based on results of an exhaustive study of Federal procurement practices by the Commission on Government Procurement.

The dollar threshold for use of Circular A-109 is defined by each executive agency head for his own agency. (The Department of Justice ^{threshold} threshold is \$5 million, ~~but~~ ~~We are not aware of any different threshold for INS.~~ (The proposed installation of minicomputers in INS will result in a total life cycle expenditure far in excess of the \$5 million ^{threshold} level. One calculation put the 5 year cost at \$23 million. ^{for DoJ.})

Records, etc. J, Street
Circular A-109 directs Government agencies to accomplish system acquisition planning based on analysis of agency missions.) It requires exploration of alternative solutions to fulfillment of needs. It calls for demonstration and validation of selected concepts and outlines the development, production, and deployment phases of the project. While this is a very formal process including milestones and management reviews, most of the requirements could be called good management procedures. We found no *but they may* evidence that this prescribed process was considered, nor did we observe a comparable informal process.

We can now summarize our response to your request for us to discuss compliance with planning and procurement guidelines. We believe that INS failed to comply with Federal Property Management Regulations and Federal Procurement Regulations issued by GSA. INS is not complying with OMB guidelines and Federal Information Processing Standards. Also, INS failed to get Department of Justice advance approval for at least four of the minicomputers already on hand.

We move now to discussion of the adequacy of INS's system development concept of the Integrated Case Control System.

We reviewed INS's document entitled, "Management Summary - Transition toward Minicomputers and Decentralized Processing in the Immigration and Naturalization Service."

The standard system concept is outlined there. Our view is that the system concept is not adequately developed. In fact, it is still evolving.

We have a number of concerns as a result of looking at the status of the concept. Using the leased minicomputers, INS has demonstrated the feasibility of automating two applications (Application and Petition Tracking System and Alien File Tracking System). INS officials indicated that two additional tasks are planned to be automated, making four which would be implemented on the computers to be purchased. Another 15 systems development tasks were identified in the model office project. We do not know if the minicomputer capacity will be sufficient for this. If all the additional 15 tasks require computer processing, increased computer capacity may be needed during the 5 year life cycle.

Another concern is the proposed interconnection of the proposed minicomputer system with the Department of Justice centralized computer system in Washington. Two kinds of problems are normally encountered in connecting dissimilar computers; equipment problems and programing problems. The equipment problems involve differences in computer architecture, such as word size and differences in timing and duration of the electrical signals. Often, expensive intermediate equipment is required to enable

the computers to talk to each other. Programing problems result when different languages are employed. In this circumstance, computers cannot understand and process data from others. Thus, use of the non-standard language mentioned previously is more than a violation of standards. Programing will have to be redone.

To summarize our response to your second area of interest, we think the system concept is incomplete and any procurement to implement it is premature.

INS has an experimental project in Houston on which to base the system design concept. We looked for, but could not find, a comprehensive analysis of the experience in Houston on which to plan further implementation.

The ICCS system concept contains some good features. Basic systems planning and software development are to be accomplished centrally. INS states that "uniformity within the standard system is essential to allow for maintenance by the centralized systems group." We applaud this principle.

As an overall comment (a major defect is that the INS lacks a long-range ADP plan) that would ensure that the development, expansion, or implementation of its automation program would go forward without unnecessary expense and grief. We believe (this lack of planning

has come about in part because the INS does not have an established top-level ADP steering committee with active participation by users and management.) Data processing objectives are established by such a committee. (The failure to set ADP objectives has frequently been a primary reason for ineffective acquisition and use of ADP resources.)

INS does have an executive group which meets when pressing issues regarding ADP arise. However, we believe that in such an atmosphere many decisions are based on the pressures of the situation--management by crisis--and these decisions are generally cures for current emergencies rather than comprehensive and sound judgements based on long-term objectives.

In conclusion, we appreciate the magnitude of the problems INS is experiencing. INS needs to address the problems (1) by preparing an ADP plan that supports the agency's long-range plan; (2) by establishing a high level steering committee chaired by the Commissioner or his Deputy; (3) by complying with existing regulations and standards; (4) by carefully analyzing the Houston experiment and preparing a system design concept based on these results, together with considerations of alternatives; (5) by deferring any large scale procurement until the system design concept is firm; and (6) by conducting an analysis of the various lease and purchase alternatives to determine the method most favorable to the Government.

Mr. Chairman, it is not our intent to add to the criticism that has been already expressed about the INS's attempt to automate its program and acquire additional ADP equipment. We hope that our views will be useful to the INS officials in proceeding with automation.

We conclude that the INS is a relative neophyte in its attempt to automate its program, compared to most other agencies in the Federal Government. (Because the INS is in this category, we believe ^{INS} it should be guided and aided by the Congress, the Department of Justice, and the General Services Administration - which has central responsibility for acquisition of ADP - so that it can establish an effective and efficient ADP operation based on presently known successful criteria.)

INS operations obviously need to be automated in several areas. Because this will be costly, it should be carefully done. Adequate planning and analysis are essential to doing it right.

We appreciate this opportunity to testify. This concludes my prepared statement; and we will be pleased to try to answer any questions or furnish additional information.