



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

Accounting and Information
Management Division

B-255916

December 7, 1993

Mr. Bruce McConnell
Information Technology Management Branch
Office of Information
and Regulatory Affairs
Office of Management and Budget

Dear Mr. McConnell:

In response to your request, the General Accounting Office is providing the following comments on the changes proposed to OMB Circular A-130, Management of Federal Information Resources, contained in the Federal Register notice dated September 10, 1993. In general, the proposed changes are positive steps towards incorporating fundamental changes that can help ensure more effective information resources management (IRM) governmentwide. OMB is including points often made in GAO's reports containing recommendations to agencies for improvements in IRM practices. In particular, we strongly endorse provisions that

- (1) establish a strong connection between the agency strategic business or mission plan and strategic IRM planning,
- (2) stress the role of information technology as an enabler for redesigning work processes to improve government program performance,
- (3) establish accountability for information management practices with program and agency managers,
- (4) emphasize cost/benefit analyses that are linked to performance outcomes, and
- (5) advocate opportunities for improved inter- and intra-agency data sharing.

We also agree with the language calling for agencies to apply information technology to reengineer their mission processes rather than just automating existing ways of doing business. Such reengineering should not necessarily be restricted to within an individual subcomponent of a department or agency, but should also consider processes extending across boundaries of subcomponents, federal agencies, or different levels of government, coinciding with the flow of information.

In some areas, however, we think the proposed changes need strengthening. We strongly encourage you to consider additional or revised language specifically for the circular itself and for supporting guidance. We base these concerns on extensive experience with IRM reviews that use Circular A-130 provisions as audit criteria and from our research of IRM "best" practices successfully adopted by leading public and private sector entities. We recognize the leverage of explicit OMB policy in exerting corrective changes, even though we fully appreciate the need for agency flexibility in implementing the guidance.

We have six basic concerns. First, the circular should either cite critical elements to be contained in an agency business plan or refer to other OMB guidance that specifically discusses these elements. The circular should make it clear that before proceeding with infrastructure improvements (installing computers, networks, etc.) or other information systems improvements, agencies should first develop their strategic business and IRM plans, identify the proposed improvement and the mission and function to be served, and develop performance measures to measure the degree of improvement. During our reviews, we have found some agencies wanting to proceed with computer infrastructure improvements without developing good information on improvements expected in service delivery or reduced costs.

Second, the circular should emphasize the need for agencies to manage and control their information management and technology investments at two levels--the strategic level and the project level. At the strategic level, a high-level review group, composed of top program and IRM managers, needs to jointly screen all proposed investments using consistent, well-understood criteria to select projects and establish priorities that are most important in facilitating the accomplishment of agency missions. At the project level, the selected projects should be controlled and evaluated at specific milestones by this group. Management should ensure that the development project staff adequately present analyses that are required for making the decisions to proceed, change directions, or reconsider the project before approving continued work on the project.

Third, the circular should more clearly address the relationship of performance measures to the cost/benefit analysis process, and additional language should be considered about cost elements in order to maximize agencies' use of the "return on investment" economic principle. We have found that often the benefits cited by agencies in their analyses lack realism. It should also be recognized that cost/benefit analyses that are prepared early in the planning/budgeting for a project will, by their nature, be rough estimates. As more becomes known about the project, these estimates should be updated, becoming more detailed and exact as the development effort proceeds. Emphasis should be on identifying tangible, measurable improvements expected in program delivery and services provided, as well as efficiencies in program administration (program performance measures).

IRM performance measures, in turn, would measure how well the IRM activities of the agency were supporting program and agency management. On the cost side, calculations are typically limited to hardware, software, and furniture. Personnel costs are often only for the FTEs in the IRM organization and exclude those for IRM-related work for the specific function. The circular or supporting guidance should require agencies to capture these costs as part of a more complete analysis.

Fourth, roles and responsibilities for managing information and information technology should be clearly defined in the circular. Customer/supplier relationships should be established between program and line managers and IRM professionals with accountability lying ultimately with the program and line managers. Senior program managers should be accountable for developing the business case justifying the project, reporting on progress, project delivery, and post-implementation reviews evaluating whether the project realized the promised benefits. Information management professionals should be responsible for supporting the implementation of these decisions as product or service providers inherent in designing, developing, and deploying the needed information systems.

Fifth, while appendix IV of the circular notes the importance of agencywide information and information technology architectures, the discussion needs to be strengthened. As currently written, the circular's emphasis remains with the technology side (e. g., hardware, software, and telecommunications) without sufficient attention to the data/information architecture. In order to have sound criteria for selecting a target systems architecture (hardware, software, communications, security, and data management), agencies should describe the relationships among and between the functional, information, data, and application architectures in their strategic IRM plans.

Finally, the term "user" appears too narrowly defined as a receiver of services from an "information processing services organization" or centralized service provider. We concur with the need for service agreements between agencies' centralized data processing centers and internal users. However, users include any persons or organizations that use information generated by the organization's information systems.

B-255916

We appreciate the opportunity to comment on the proposed changes. We hope you find our suggestions useful and encourage you to give them serious consideration. Should you have any questions, please have your staff contact Dan Latta at (202) 512-6206.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jack L. Brock". The signature is fluid and cursive, with a large initial "J" and "L".

Jack L. Brock
Director, IRM Policies and Issues