
BY THE U.S. GENERAL ACCOUNTING OFFICE

**Report To The Chairman, Subcommittee On
General Oversight And The Economy
Committee On Small Business
House Of Representatives**

**An Improved Automated System
Would Better Identify Small Businesses
Seeking Federal Contracting Opportunities**

The Small Business Administration's (SBA's) Procurement Automated Source System is intended to maintain information about the size, skills, capabilities, and ownership of small businesses nationwide. Federal agencies and companies with prime contracts with the government use the system to identify small businesses desiring to contract with the government.

Fiscal year 1983 data, when available, are likely to show that system operating costs were more than double SBA's original estimates. In addition, incomplete and outdated information on small businesses and delays in entering new firm names into the system prevent procurement representatives from identifying thousands of interested small firms.

SBA needs to improve its management and technical control in operating the current system. Otherwise, the system may lose its credibility with procurement officials. This may reduce the opportunities for small businesses to compete for federal contracts. Also, SBA should perform a comprehensive analysis of alternative approaches for meeting user requirements before proceeding with its plan to redesign the system.



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January 12, 1984

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The Honorable Berkley Bedell
Chairman, Subcommittee on General Oversight
and the Economy
Committee on Small Business
House of Representatives

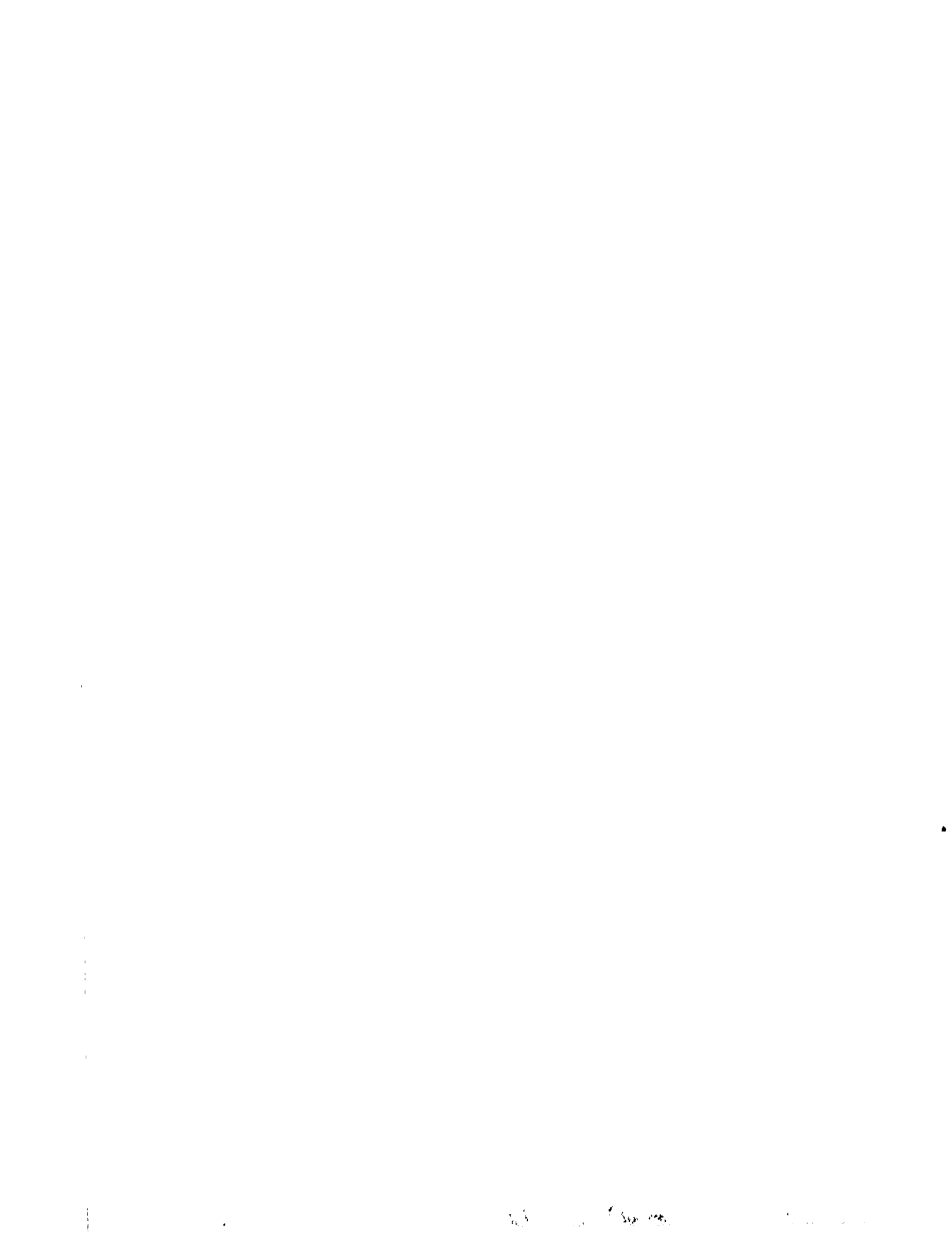
Dear Mr. Chairman:

In your March 9, 1983, letter, you asked us to review the Procurement Automated Source System, which is maintained by the Small Business Administration. (See app. I.) This report evaluates how well the system is functioning; how much federal agencies and contractors use it to foster small business procurement opportunities; and how accurate, relevant, and current is the system's information. It also includes our views on management of the system and plans for its future operation.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its date. We will then send copies to the Director, Office of Management and Budget; the Chairmen, House and Senate Committees on Appropriations, House Committee on Government Operations, and Senate Committee on Governmental Affairs; the Administrator of the Small Business Administration; and other interested parties.

Sincerely yours,

Warren G. Reed
Warren G. Reed
Director



GENERAL ACCOUNTING OFFICE
REPORT TO THE SUBCOMMITTEE ON
GENERAL OVERSIGHT AND THE ECONOMY
COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES

AN IMPROVED AUTOMATED
SYSTEM WOULD BETTER
IDENTIFY SMALL BUSINESSES
SEEKING FEDERAL CONTRACTING
OPPORTUNITIES

D I G E S T

The Small Business Administration (SBA) depends on its Procurement Automated Source System (PASS) to provide federal procurement representatives and government prime contractors with information about the products, capabilities, services, and ownership of small businesses seeking federal contracting opportunities. As of January 1, 1984, this computerized system had 121 users and contained information on more than 98,000 firms. PASS was developed by a contractor for SBA and was operated by that contractor from October 1978 to September 1982. A second contractor (Executive Resource Associates, Inc.)--the winning bidder on an SBA competitive contract--operated the system during fiscal year 1983. The U.S. Railway Association, a federal agency, is operating PASS during fiscal year 1984 under an interagency agreement with SBA. (See p. 1.)

At the request of the Chairman, Subcommittee on General Oversight and the Economy, House Committee on Small Business (see app. I), GAO sought to determine (1) whether federal agencies are using PASS to promote small business contracting opportunities, (2) whether the information in the system is current, accurate, and relevant, (3) how well the system is functioning, and (4) what plans SBA has for the future of the system. GAO's review covered the operation of PASS during fiscal year 1983.

The PASS users GAO contacted were generally satisfied with the system. However, unbeknown to many of them, serious problems occurred during fiscal year 1983 that affected the reliability of PASS information. GAO's review showed that (1) PASS is being used by a variety of agencies and prime contractors, (2) PASS information is incomplete and outdated, (3) the system has operational problems, and (4) SBA's plans to resolve the problems raise concerns about the system's future. Because PASS information is incomplete and outdated, procurement representatives cannot identify all qualified small businesses interested in obtaining federal contracts.

PASS INFORMATION
IS INCOMPLETE AND OUTDATED

PASS information is incomplete. Between October 1, 1982, and June 30, 1983, about 22,000 small businesses submitted information to SBA expressing their desire to be registered in the system and to be considered for federal contracting opportunities. Because of software problems with the computer programs that process this information, only about 7,600 of the new registrations were processed. Although some progress was made in decreasing the backlog during July and August 1983, new software problems have since developed with these programs. (See pp. 5 to 7.)

Because SBA directed the contractor to concentrate its efforts on resolving the backlog problem, other major system functions designed to keep PASS information up to date and to encourage small businesses to register in the system have not been carried out. For example, the annual update function was designed to send a profile to each registered firm annually and to request information about any changes in the firm's location, size, products, capabilities, or services. GAO estimates that, because this was not done, information on about 64,000 firms--71 percent of the 89,000 firms in the PASS data base on November 1, 1983--needs updating. Another function not performed is the outreach program. The purpose of this program is to contact firms not in the system and encourage them to submit registration forms. SBA said that it knew of about 72,000 firms potentially interested in registering in PASS, but it did not contact them. (See pp. 6 to 8.)

FACTORS CONTRIBUTING TO THE
PROBLEMS WITH PASS INFORMATION

GAO believes that gaps in SBA's oversight of the fiscal year 1983 contractor's activities and costs, weaknesses in system documentation, and questionable system efficiency contributed to the problems with PASS information. In addition, GAO believes that SBA needs to strengthen its efforts to actively involve all federal and private users in system improvements.

GAO noted that SBA program management was not closely monitoring the contractor's performance, including overseeing the system's technical operations. For example, GAO found that SBA was not aware that a major subcontractor dedicated a

significant percentage of its personnel resources to designing a new system--work that was outside the scope of the contract. Although the contractor subsequently decided not to charge SBA for this work, knowledgeable subcontractor personnel were developing a new system at a time when they should have been directing their activities to carrying out the annual update and outreach functions of the system. (See pp. 13 and 14.)

GAO also noted problems with SBA's management of costs. For example, the contractor estimated that costs for operating PASS during fiscal year 1983 would reach \$1.4 million, or 114 percent more than anticipated. Yet GAO found that SBA did not analyze the increases or require the contractor to provide an explanation or task analysis supporting why costs would be significantly higher. (See pp. 15 and 16.)

GAO found that SBA did not provide the fiscal year 1983 contractor with complete and accurate system documentation to facilitate smooth technical operation of the system and resolution of system problems. Lack of this documentation--which normally describes the internal technical operation of the software--hampered the contractor's attempts to resolve the software problems that occurred during fiscal year 1983.

In addition, organizations that have occasionally provided technical advice and guidance to SBA questioned the efficiency of the system's software, including the amount of computer resources required to process information. The inefficient software resulted in lengthy processing times and high operating costs. One of these organizations, the U.S. Railway Association, is testing a modification to the system that could significantly improve the processing efficiency of PASS. (See pp. 8 and 9.)

Also, SBA needs to strengthen its user involvement program to ensure that PASS continues to meet changing user needs. SBA has occasionally attempted to obtain user comments at its annual conferences for SBA procurement representatives, and requested written comments in a March 1983 letter. These efforts have been largely unsuccessful. GAO found that SBA did not use such techniques as periodic meetings for all users, structured questionnaires, or visits to the users' locations to obtain feedback. (See pp. 9 to 11.)

SBA EFFORTS TO RESOLVE COST AND OPERATIONAL PROBLEMS

Although SBA has recognized the cost and operational problems with the system, it has not succeeded in resolving them. SBA believes that recently developed plans will address these problems. For instance, SBA may spend an estimated \$500,000 less than fiscal year 1983 costs under an agreement with the U.S. Railway Association, which will operate the current system during fiscal year 1984. To resolve the system problems, SBA plans to select a contractor to redesign, develop, and implement a new system by September 30, 1984. SBA plans to operate the new system on minicomputer hardware. (See pp. 16 to 18.)

GAO recognizes that the high cost and software problems that occurred during fiscal year 1983 lend support to SBA's decision to redesign PASS. However, GAO is concerned that SBA's decision to redesign PASS, particularly the selection of a minicomputer to meet the system's future hardware requirements, may be premature. Also, SBA's time frame for the redesign may be too optimistic, considering the extensive effort historically experienced by agencies in designing, developing, documenting, testing, and implementing automated systems.

GAO noted that although an October 1983 PASS study group report recommended retention and modification of the current system, SBA management decided that a total redesign of the system was necessary. SBA did not base its decision on an analysis of (1) current functional requirements, (2) alternative approaches to meeting hardware, software, and telecommunications requirements, and (3) the costs, benefits, and risks associated with each alternative. GAO believes that this type of analysis is important and should be done before SBA makes any commitments on hardware or software for the new system. The analysis should include an evaluation of the current system to determine if its effectiveness and efficiency could be improved through system modifications. If the modifications meet user needs and are approved by SBA management, the need for a system redesign may be eliminated.

RECOMMENDATIONS

GAO recommends that the Administrator of SBA:

- Increase the efficiency and usefulness of the existing system by (1) modifying PASS software to

correct processing deficiencies, (2) updating system documentation to facilitate timely resolution of operational problems, and (3) increasing efforts to encourage user participation in suggesting and reviewing system improvements.

--Improve and maintain the currentness and accuracy of PASS information--after resolving the software deficiencies--by (1) promptly processing the large backlog of information awaiting entry and (2) regularly operating all system functions such as the annual update and outreach programs.

--Direct the program and contracting offices to closely monitor the technical and management operations of PASS at the U.S. Railway Association.

--Defer making any hardware or software decisions on a new system until SBA (1) analyzes the current functional requirements and evaluates the current system's ability to meet these requirements, (2) identifies alternative system approaches to meeting these requirements, and (3) performs a cost-benefit analysis of each approach to use as a basis for any future redesign efforts.

AGENCY COMMENTS

SBA generally agreed with GAO's findings and the related recommendations to improve the operational deficiencies. SBA plans to make modifications to the existing system that should, once implemented, improve processing efficiency. As a result, the backlog can be reduced and SBA can resume operation of important system functions not operated during fiscal year 1983.

SBA disagreed with GAO's position that management was not closely monitoring the contractor's performance and costs. SBA believed that it had fulfilled its oversight responsibilities through regular management meetings with the contractor. GAO believes that closer monitoring was necessary, considering the weaknesses noted. As a minimum, SBA should have periodically reviewed the work being performed by contractor and subcontractor employees.

SBA also disagreed with GAO's position that the new system development should be delayed. SBA planned to award a contract for the redesign, development, and implementation of PASS in January 1984. The

agency agreed that the information developed from a functional requirements study and analysis of system alternatives and cost benefits would be helpful. However, SBA believed that the high cost and serious operational problems that occurred during fiscal year 1983 warranted prompt initiation of the new system development.

GAO believes that the development and implementation of an automated information system is often a costly and risky endeavor, even when the appropriate foundation for the system has been well defined, documented, and validated by the system's users. Without this foundation, the system development may be very time consuming and expensive and may not satisfy user needs. This could further inhibit federal efforts to identify contracting opportunities for small businesses.

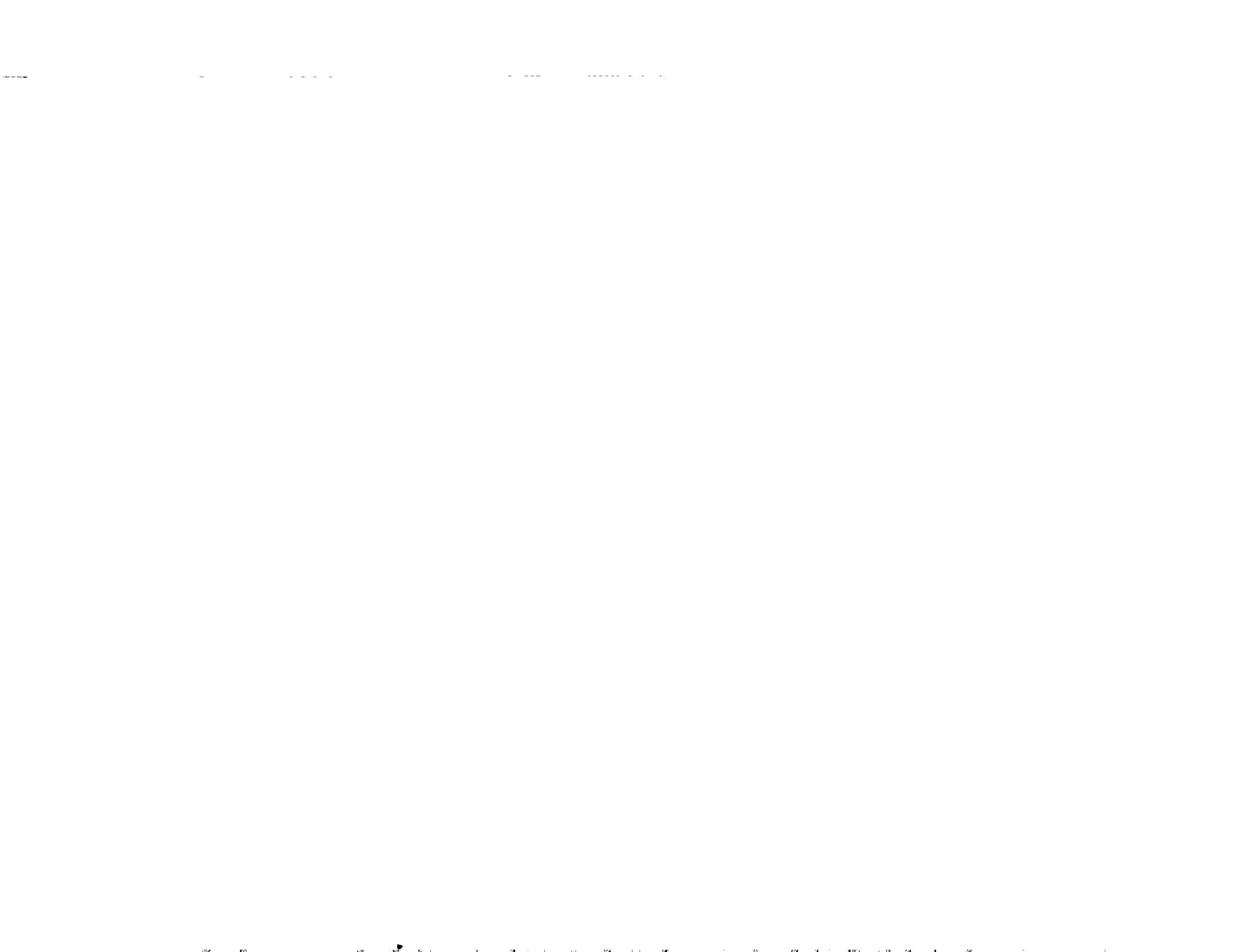
GAO also discussed its findings with the contractor throughout the review and these discussions are reflected in the report.

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ABBREVIATIONS

GAO	General Accounting Office
PASS	Procurement Automated Source System
SBA	Small Business Administration



CHAPTER 1

INTRODUCTION

The Small Business Act (15 U.S.C. 631, et. seq. (1982)), as amended, requires the government to place a fair proportion of the total federal purchases of property and services with small business enterprises. A 1977 amendment to the act (Public Law 95-89, 91 Stat. 553, 554) directed the Small Business Administration (SBA) to give priority to developing a small business procurement source data bank. In response to these laws, the Procurement Automated Source System (PASS)--a repository of information about the size, capabilities, and ownership of small businesses--was conceived through the joint efforts of SBA and the Department of Energy.

In September 1977, a 5-year competitive small business set-aside contract was awarded for technical development and operation of the system for SBA. PASS became operational in October 1978 and was operated by the same contractor until October 1982, at which time another contractor--the winning bidder on the SBA competitive reprocurement contract--assumed operations for fiscal year 1983. The U.S. Railway Association is operating PASS during fiscal year 1984.

PASS was originally intended to be used primarily by SBA small business source specialists, procurement center representatives, subcontracting specialists, and Department of Energy procurement representatives. However, the subcontracting requirements of Public Law 95-507 (92 Stat. 1757, Oct. 24, 1978) gave PASS additional importance as a tool for the government's large prime contractors to use in identifying small and disadvantaged firms for subcontracting opportunities. As of January 1, 1984, there were 121 authorized users of PASS nationwide--79 in government agencies, 39 in the private sector, and 3 at state universities. Over 98,000 small businesses were registered in the system to indicate their interest in providing goods and services to the government either directly or through prime contractors.

NEED FOR SINGLE SOURCE OF INFORMATION

Many small businesses do not have the financial resources to conduct expensive advertising and sales campaigns that would inform federal procurement representatives and prime contractors of the small businesses' experience, capabilities, and willingness to work for the government. Under ideal circumstances, a small business could submit information to one source or agency, which would then make it available governmentwide. PASS was intended to meet this objective.

According to SBA, PASS is advocated as the single source system for small business information. The Tri-Association Small Business Advisory Panel of prime contractors is an advocate of PASS for small firms seeking subcontracting opportunities.

Also, the Council of Defense and Space Industry Associations, comprising the Aerospace Industries Association, Electronic Industries Association, and National Security Industrial Association, informed the SBA Administrator in May 1983 that the council had established a project to support PASS as the single national source data base for small businesses and pledged its continued support.

OBJECTIVES, SCOPE, AND METHODOLOGY

On March 9, 1983, the Chairman of the Subcommittee on General Oversight and the Economy, House Committee on Small Business, asked us to provide information about PASS. (See app. I.) The objective of our review was to answer the Chairman's specific concerns, including

- how much other federal agencies use PASS to foster small business contracting opportunities (see p. 4);
- whether it contains accurate, relevant, and timely information about the small businesses on file (see p. 5);
- how well it is functioning (see p. 8); and
- what plans SBA has, as well as what we recommend, to make PASS as effective as possible (see p. 16).

The Chairman also requested information on SBA's implementation of certain information-gathering requirements of the Small Business Innovation Development Act of 1982 (Public Law 97-219, 96 Stat. 217, July 22, 1982). That act required SBA to develop and maintain a source file and an information program to ensure that qualified and interested small businesses have an opportunity to participate in federal agency small business innovation research programs. It was initially understood that SBA was using PASS to comply with the act's information requirement. However, after we determined that SBA did not use PASS solely to meet this requirement, the Chairman agreed to our deleting this area from our current review.

Our work focused on three major aspects of PASS: (1) SBA's management and operation of the system, (2) user satisfaction with the system, and (3) the accuracy, relevance, reliability, and currentness of the system's information. To determine how well SBA was managing the system and its operating contractor, we obtained comments from (1) representatives in SBA's Office of Procurement and Technical Assistance, who are responsible for the system's day-to-day management, (2) the contracting officer in SBA's Office of External Awards, and (3) SBA senior management. We did not review the initial contractor's operation of PASS or that of the U.S. Railway Association, which will operate PASS during fiscal year 1984. We met with SBA's prime contractor, Executive Resource Associates, Inc., which operated PASS during fiscal year 1983, and with subcontractor representatives, to

discuss the technical operations and administration of the system. We reviewed contractor invoices, management reports, and related correspondence which generally covered the period September 22, 1982, through August 31, 1983. Where possible, we updated information about the status of PASS through January 1, 1984. As requested by the requestor's office, we did not transmit a copy of the draft report to the agency for comment. However, we did discuss its findings, conclusions, and recommendations with SBA and included SBA's official oral comments in the report. We also discussed our findings with the contractor throughout the review. These discussions are reflected in the report.

We measured the overall satisfaction of PASS users by conducting a nationwide telephone survey of users in 20 states and the District of Columbia. Initially, we randomly selected 42 users to contact but because of time considerations we judgmentally narrowed that sample to 28 users. In selecting our sample, we considered the frequency of use, the type of organization, and the geographic location of users. The 28 users selected--19 federal and 9 private--made 3,384, or about 60 percent, of the 5,643 inquiries handled by PASS during the first 7 months of fiscal year 1983. The frequency of use by the 28 users ranged from very high (daily access) to low (infrequent access). Using a structured questionnaire, we discussed how well the system operated, how accurate and current the information was, for what purposes the information was used, and what changes could make the system operate more efficiently or improve its usefulness. Although we did not make statistical projections from our results, the problems and concerns they raised formed part of the basis for our findings, conclusions, and recommendations. Details on the methodology used and results obtained are in appendix II.

We reviewed the currentness and accuracy of PASS information by randomly selecting 400 of the 74,354 small businesses listed in the system as of May 9, 1983. We then compared the information that each of these businesses had submitted to SBA against the information maintained in the PASS data base. We considered the PASS data base correct for the 27 firms for which we could not locate original registration information. Because we used accepted statistical techniques for defining and identifying our sample, we projected the results of our analysis to the entire PASS data base with 95-percent reliability, plus or minus a 5-percent error factor. Our review was performed in accordance with generally accepted government auditing standards.

CHAPTER 2

PASS IS USEFUL, BUT OPERATIONAL

PROBLEMS HINDER ITS EFFECTIVENESS

The effectiveness of PASS depends on SBA's ability to collect, maintain, and provide information about small businesses in a timely and accurate manner. Information in PASS must be readily accessible so that procurement representatives and government contractors can easily identify small businesses for potential contracting opportunities.

The PASS users we contacted were generally satisfied with the system. However, unbeknown to many of them, serious problems occurred during fiscal year 1983 that affected the reliability--completeness and currentness--of PASS information. Specifically, PASS information was incomplete because a large backlog of information was awaiting entry into the system, and not current because information already in the system was not being updated. Also, several important system functions were not being performed, system documentation was insufficient, and system efficiency was questionable. In addition, we found that SBA needs to strengthen its user relation activities to more actively involve system users and encourage their participation in system development.

PASS IS BEING USED TO FOSTER SMALL BUSINESS CONTRACTING OPPORTUNITIES

Most of the users we contacted stated that PASS was an important source of information on small businesses. Of the 28 users contacted (19 federal and 9 private), 14 used PASS as the primary source, 13 used it as a supplemental source, and 1 no longer relied on PASS information. Most users told us that PASS was important to their operations and that it would be difficult to operate without the system. During the first 7 months of fiscal year 1983, PASS users accessed the system 5,643 times. They requested 39,914 searches of the data base and displayed 161,183 profiles listing information about small businesses.

The users we contacted appeared generally satisfied with the system, although they occasionally experienced technical problems. Five users knew that information was not being added to the PASS data base as promptly as it should be, but 27 users said PASS was useful in identifying small businesses for contracting opportunities and in helping small firms obtain greater opportunity to be considered for federal contracts. Users also stated that PASS was helpful in identifying particular types of firms, including minority-owned, socially or economically disadvantaged (8(a)¹), and women-owned firms. PASS contributed to meeting

¹As defined under section 8(a) of the Small Business Act (15 U.S.C. 637(a)(1982)), as amended.

goals for awarding contracts to such firms. Some used PASS in conjunction with other information. For example, 13 users said they used PASS as a supplemental source of information about small firms.

SBA cannot directly link the use of PASS information with actual contracts awarded to small businesses. This is because procurement representatives generally used PASS as the initial source of information for notifying small businesses about a potential contracting opportunity. PASS was not designed to maintain followup information about the firms that received government contracts.

PASS INFORMATION IS INCOMPLETE AND OUTDATED

In reviewing PASS, we found that (1) thousands of profiles listing information about small businesses have not been entered into the system's data base, (2) information on existing firms has not been updated, and (3) important functions, such as designating firms that are socially or economically disadvantaged and encouraging new firms to register in the system, have not been carried out. Because PASS does not contain complete and current information, procurement representatives may not be aware of the location, size, and capabilities of thousands of firms, and small businesses are probably losing opportunities to compete for federal contracts.

New firms have not been added to PASS promptly

Each month, thousands of small businesses send SBA a registration profile for PASS. A profile includes the firm's name, location, size, type of business, capabilities, and ownership information. The contract requires the contractor maintaining PASS to put the information into the system within 30 days of receipt. On the basis of SBA's original estimate of processing 2,000 profiles a month, the contractor should have processed about 18,000 profiles for new firms during the first 9 months of fiscal year 1983. However, during that period only about 7,600 firms were added to PASS although the contractor received information on about 22,000 new firms.

The contractor stated that the backlog of about 14,400 profiles existed because SBA did not deliver the approved operating software for profile processing until March 1983, 6 months after the contract was awarded. Therefore, the contractor could not begin processing the accumulated profiles until that time. SBA representatives said that unforeseen technical problems with the computer programs that process changes and additions to PASS information, delayed its software delivery to the contractor. However, SBA representatives also told us that during May through July 1983 the contractor submitted three schedules for eliminating the backlog and each succeeding schedule showed a later completion date. Concerned with the contractor's performance, on July 20, 1983, SBA notified the contractor that it was not making significant progress in reducing the large backlog.

During July and August 1983, the contractor began accelerated processing. During this same period it received an additional 4,800 profiles for new firms and processed about 8,600 of the profiles on hand. Despite these efforts, as of August 31, 1983, about 10,600 profiles for new firms had not been entered into the PASS data base. Therefore, procurement representatives who used PASS before that time did not receive information about thousands of small businesses that had submitted information to SBA but were not included in the PASS data base.

The PASS contractor expected to eliminate the backlog by November 1983. This was not accomplished for the following reasons:

- The contractor experienced new software problems during September which slowed processing to below the planned accelerated rate.
- While SBA was changing system operators and converting the system to run on the U.S. Railway Association's computer facility, some delays in processing occurred.
- During the period of conversion and testing, SBA continued receiving thousands of profiles that added to the existing backlog.

On November 1, 1983, the backlog contained about 12,000 profiles --nearly as many as in July 1983 when accelerated processing began.

Information about firms registered
has not been updated

Every 12 months after a firm is registered in PASS, a company profile should be printed and mailed to the small business for its review and update. Changes made by the firm should be returned to the PASS contractor for data entry and processing. SBA estimated that approximately 80 percent of the firms that respond to update requests make changes to the information previously supplied. The changes can affect the firm name, location, size, capabilities, or ownership.

The updating process has not been done since September 1982, and it is long overdue. Because of the large number of new profiles awaiting data entry and processing, SBA representatives instructed the contractor not to process any yearly update notices until it eliminated the backlog.

The effectiveness of PASS depends on SBA's ability to maintain accurate and current information about small businesses. To determine whether the information in PASS was accurate, we compared the information each firm in our sample had submitted with the information maintained in the PASS data base. The individual data elements we verified included the firm's name, address, number of employees, phone number, type of business, capabilities,

and ownership. We considered the PASS information inaccurate if it did not match the information submitted by the small firm. Using the results of our analysis, we projected that the information for about 65,600, or about 88 percent, of the 74,300 firms in PASS on May 9, 1983, was originally entered accurately.

Regarding the currentness of PASS information, we considered it outdated if it needed updating by November 1, 1983. We found that information for about 64,000 firms--71 percent of the 89,000 firms in PASS on November 1, 1983--needed updating.

Important system functions have not been performed

Three other major functions of PASS have not been carried out during fiscal year 1983 because SBA directed the contractor to eliminate the backlog of profiles before performing these functions. Two functions--the vocabulary update program and the 8(a) matching program--affected the use of the system. The third function--the outreach program--was SBA's primary method of encouraging new firms to register in the system. SBA does not plan to operate any of these functions until the backlog problem has been resolved.

Vocabulary update

A primary method for identifying firms in the PASS data base is to use key words which were included in the capability section of the PASS registration form. About 7,400 key words can be used to identify companies in the data base. A firm cannot be identified by key words that are not included in the key word index.

The vocabulary update function of PASS modifies the system's key word index to keep it current. When new words are added to the index, the information for each firm is processed against this new list so that firms using these words in their capability statements can be selected on the basis of the new key words. Although the key word index is required to be updated semiannually, it was not updated during fiscal year 1983.

The effect of not performing the key word update function is that some firms are registered in the system but are effectively lost. That is, because one or more of the key words used in the capability statements are not in the usable key word index, procurement representatives cannot identify these firms on the basis of their new capabilities, products, or services.

8(a) firm update

The government's 8(a) program assists socially and economically disadvantaged firms by making noncompetitive procurement opportunities available to them. Four times each year, the names of all the approved firms in the SBA 8(a) program should be compared with firms registered in the PASS data base. When a match

occurs, the firm's PASS information is modified to indicate that it is an approved 8(a) firm. However, because the 8(a) matching function was not performed, some SBA-approved 8(a) firms are registered in PASS but are not identified and thus may be missing opportunities for noncompetitive federal contracts.

We could not determine from available information the number of 8(a) certified firms that were added to PASS in fiscal year 1983 but are not currently designated as such in the PASS data base. We do know that at the end of fiscal year 1982, about 1,100 firms registered in PASS were 8(a) certified.

Outreach program

The purpose of the PASS outreach program is to contact small businesses that are not registered in the system and invite them to submit PASS registration forms. SBA estimated that it received 15,000 names of potential PASS registrants each month, primarily from large federal prime contractors. At this rate, SBA expected to receive about 180,000 names during fiscal year 1983. SBA estimated that, after eliminating the names of firms already in PASS and those contacted during previous outreach efforts, it would have contacted 72,000 new firms during fiscal year 1983 and requested the firms to submit PASS registration information. Because this function was not carried out, thousands of small businesses were not contacted and were not requested to register in PASS.

PROBLEMS EXIST WITH SYSTEM DOCUMENTATION AND EFFICIENCY

The design, development, and implementation of a computer-based system usually represents a considerable investment of human and computer resources. To maximize the return on this investment and to provide for cost-effective operation, revision, and maintenance of the system, informative documentation is needed and should be developed during each stage of the system development life cycle. For systems like PASS--with periodic changes in operating contractors--accurate and complete user and system documentation is critical for continuous, effective, and efficient operation.

Although the user manual for PASS has been kept current, other important system documentation, including the functional requirements statement, test plan, computer program maintenance manual, software summary, and operations and procedures manual, is either outdated or nonexistent.

The initial PASS contractor was required to maintain the system and user documentation. However, the fiscal year 1983 contractor told us that a major part of the system documentation SBA provided was useless for resolving problems with the operational software (computer programs that allow the system to perform its required functions). The seriousness of having inadequate, incomplete, and inaccurate system documentation has been

brought to SBA's attention by organizations that have attempted to use the documentation to understand and operate PASS.

In April 1982, 5 months before SBA awarded the fiscal year 1983 contract, a company hired by SBA to test PASS reported that certain system documentation was confusing, inaccurate, or missing. The company suggested that SBA give priority to resolving the documentation problems. On November 15, 1982, the contractor that operated PASS during fiscal year 1983 reported numerous problems with the PASS software and associated documentation. For example, it stated that SBA had not provided the system overview documentation or program and data base specifications. The absence of this information reportedly caused considerable delays to the contractor, which was attempting to test and implement all PASS functions. SBA plans to correct the documentation problems during fiscal year 1984.

The efficiency of certain system functions has also been questioned by the company that tested PASS in 1982, by the contractor that operated PASS during fiscal year 1983, and by another government agency (U.S. Railway Association) that SBA asked to validate and test the PASS software during 1983. All three organizations asserted that the system was inefficient; it required an unusually high amount of computer resources and lengthy processing time, resulting in high operating costs.

On August 22, 1983, the fiscal year 1983 contractor proposed that SBA convert PASS to a new software system the contractor had developed at its own expense. The contractor claimed that conversion to the new system would reduce expenses for computer operations by 30 percent and provide a much better system to PASS users. SBA did not respond to the contractor's proposal because it had decided (as explained on pp. 16 and 17) not to renew the contract for fiscal year 1984.

On October 31, 1983, a representative of the U.S. Railway Association told us that it was testing a modification to PASS that would reduce the amount of computer resources used during the update process by about 40 percent. If implemented, this modification could significantly improve processing efficiency and facilitate elimination of the large backlog of profiles.

SBA'S PROGRAM TO OBTAIN USER INVOLVEMENT HAS BEEN LARGELY UNSUCCESSFUL

Information system users should be actively involved in the design, development, implementation, and operation phases of a system's life cycle. After a system becomes operational, the agency should have a continuing training program to maintain user skills and knowledge of the system. The agency should also have a mechanism by which users can suggest improvements in the system's efficiency or usefulness. However, we found that SBA did not use such techniques as periodic meetings for all users, telephone interviews, structured questionnaires, and visits to the users' locations. Although SBA has occasionally attempted to obtain user comments, these efforts have not been successful.

SBA's efforts to obtain user comments

SBA representatives have obtained comments about PASS from SBA users at the annual conferences for small business procurement representatives. This year's conference, which we attended, included a discussion of the status of PASS, system development activities, and common problems experienced by several users. However, the meeting did not include non-SBA users (other government agencies or prime contractors).

SBA has attempted, although not too successfully, to obtain comments from non-SBA users. In a March 1983 letter, SBA requested written suggestions from all PASS users about how to improve the system. SBA representatives told us that several oral responses were received which indicated that everything was fine with PASS and offered no suggestions for improvement. Two written responses were received, one of which suggested solutions for correcting several technical problem areas in the system. The adoption of these changes would reportedly permit the user to make more timely and accurate searches of the data base to identify firms with certain desired capabilities.

SBA forwarded these suggestions to the contractor on April 6, 1983, and requested an evaluation of the impact and estimated cost of each change. After meeting with the contractor, SBA decided to postpone any changes to the software until problems related to the backlog of profiles were resolved.

Suggestions obtained from GAO's user survey

Our user survey--conducted by telephone using a structured questionnaire--found that many users wanted changes in the system. During our survey of 28 PASS users, 26 made suggestions on improving the operation of PASS or the information in the system. (See app. II.) Some users made the same suggestions that SBA obtained from the two users that responded to its survey. Many of the suggestions related to the search function, which permits users to search the data base and identify firms having selected capabilities, products, or services. Seventeen users suggested that SBA expand the usable key word listing to include more specific words for such areas as high technology, electronic components, and medical research. This suggestion implied that firms registered in PASS might not be easily identified because SBA had not added certain words to the usable key word listing. Although information on about 17,000 firms has been added to PASS since September 30, 1982, SBA told the contractor--because of the backlog problem--not to update the usable key word listing.

Other suggestions to improve the search function of PASS included:

- Provide more examples in the users guide on how to combine information fields used during the search process to help eliminate firms that do not meet the desired requirements.
- Examine the feasibility of using Standard Industrial Codes or Federal Supply Classification Codes to more precisely identify certain types of firms.
- Allow some latitude in spelling when searching for a firm by name.

SBA representatives told us that they were generally aware of the need for some of the changes suggested by users. However, the suggested changes were not made because SBA (1) believed the estimated implementation cost would be too high and (2) wanted to first resolve the current operating problems. The representatives also told us that SBA did not currently have an established mechanism or program to periodically consult PASS users about needs and suggested changes to the system, but planned to strengthen its user activities during fiscal year 1984.

CONCLUSIONS

Although the system is widely used, PASS information remains incomplete and outdated. Poor system documentation and questionable processing efficiency have contributed to the operational problems which caused the large backlog of unprocessed profiles, and to SBA's decision to postpone operating other important system functions such as the outreach, 8A, and vocabulary update processes. These deficiencies had a serious effect on the completeness and accuracy of PASS information. In addition, unless SBA strengthens its efforts to more actively involve all PASS users in future decisions affecting PASS, the information needs of users may not be met.

Until PASS problems are corrected, thousands of small businesses will continue to be excluded from the system and will lose opportunities to be considered for federal contracts. Furthermore, if PASS information is not updated soon, the system may lose its credibility among procurement representatives and contractors who depend on it to identify qualified small businesses.

RECOMMENDATIONS

To correct the problems in the Procurement Automated Source System, we recommend that the Administrator of SBA:

- Increase the efficiency and usefulness of the existing system by (1) modifying PASS software to correct processing deficiencies, (2) updating system documentation to facilitate timely resolution of operational problems, and

(3) increasing efforts to encourage user participation in suggesting and reviewing system improvements.

--Improve and maintain the currentness and accuracy of PASS information--after resolving the software deficiencies--by (1) promptly processing the large backlog of information awaiting entry and (2) regularly operating the annual update, outreach, 8(a), and vocabulary update functions of the system.

AGENCY COMMENTS

SBA generally agreed with our findings and related recommendations to improve the operational deficiencies that caused PASS information to become incomplete and outdated.

CHAPTER 3

SBA'S MANAGEMENT OF PASS NEEDS IMPROVEMENT

SBA applied only limited management controls over the contractor that operated PASS during fiscal year 1983. The controls used included occasional correspondence, a regular monthly status report and invoice, and periodic meetings between SBA and the contractor to discuss progress, problems, and system modifications. However, the contractor's monthly reports did not provide SBA with meaningful and complete information to allow effective evaluation of contractor performance or costs. Moreover, costs for operating PASS were much higher than anticipated.

We believe the future of PASS is uncertain. SBA has entered into an agreement with the U.S. Railway Association to operate PASS during fiscal year 1984. However, SBA decided to totally redesign PASS--using a private contractor--within one year. We are concerned that SBA's decision to redesign PASS was premature.

SBA MANAGEMENT DID NOT CLOSELY MONITOR CONTRACTOR ACTIVITIES

In September 1982, when SBA transferred operation of PASS, the new contractor was unsuccessful in obtaining advice and guidance from the previous contractor. Because of this, SBA should have provided the technical and operational guidance needed and closely monitored the contractor's performance, including the technical operation of the system.

We found that SBA program representatives and contracting officials were not sufficiently overseeing the contractor's activities. Although SBA initially required the contractor to provide information on its proposed management plan for operating PASS, SBA did not closely monitor subsequent activities to determine how the contractor was using its labor resources. For example, the invoices for March and April 1983 indicated that 18 contractor and subcontractor employees operated and maintained PASS. Yet neither the invoices nor the contractor's monthly management report to SBA provided details on the employees' specific responsibilities, tasks, or accomplishments. Furthermore, SBA representatives could not describe the work that most of the contractor's employees were doing.

Our review of the weekly time sheets for subcontractor employees for March and April 1983 indicated that a number of employees were designing a new PASS system--work that was outside the scope of the contract. The contractor told us it decided to redesign PASS because of the high costs and software problems experienced in operating PASS during the first several months of fiscal year 1983. The contractor also said that--based on SBA program officials' favorable reactions to the concept of a new

system design--it believed the redesign would be reimbursable work. However, the contractor told us that it decided not to bill SBA for the redesign effort after SBA decided not to renew the contract option for fiscal year 1984.

Although the contractor subsequently decided not to bill SBA for about 65 percent of the subcontractor's direct labor that was attributable to this work, valuable hours were spent designing a new system even though the current system continued to have operational problems and important system functions like the annual update process and the outreach program had not been operated. We also determined that the new system's development--although outside the scope of the contract--was based on inaccurate, incomplete, and outdated user requirements and system documentation.

Agency officials did not agree with our position that SBA management was not sufficiently involved with the contractor's activities. Specifically, they stated that the agency had fulfilled its oversight responsibilities through regular management meetings with the contractor. They further stated that SBA did not have responsibility for closely monitoring the day-to-day operations or the activities of individual contractor and subcontractor employees.

We disagree. Close monitoring of contractor performance was essential, considering the problems noted. As a minimum, SBA should have periodically reviewed the work performed by contractor and subcontractor employees.

CONTRACT REPORTING WAS INCOMPLETE

Regular reporting by the contractor is normally required to permit the government to effectively monitor and evaluate the contractor's activities, performance, and costs. The contractor operating PASS was required to give SBA a monthly status report that included a narrative of the project's status, accomplishments, and unresolved problems.

Our analysis showed that the monthly reports were incomplete and did not provide SBA management with the information it needed to effectively manage the contractor's performance and cost. For example, the reports occasionally mentioned that meetings were held to discuss various subjects that concerned SBA and the contractor. However, the reports lacked substance--they did not mention the alternatives discussed, decisions made, or parties responsible for followup on unresolved issues. As a result, SBA management did not have sufficient and well documented information about the decisions, agreements, and activities that were to correct the problems discussed.

The SBA contract also required that the monthly report include an agenda for the next month's activities. We believe a meaningful agenda would have included a list of tasks to be

completed, specific deliverables, and expected completion dates. Such information is valuable for assessing a contractor's actual-versus-planned performance from month to month. However, only four of the nine monthly reports submitted between October 1982 and June 1983 included an agenda, and most reports lacked specific tasks, plans, completion dates, and commitments.

Other important information that would have showed the contractor's actual-versus-planned performance and cost was not required to be included in the contractor's report. We believe this information would have provided SBA management with a documented, cumulative summary of the contractor's performance and cost for all PASS functions, which could have been compared against established performance levels required in the contract. Lacking timely and useful information with which to monitor contractor performance, SBA could not effectively initiate changes or modifications to improve--if necessary--the contractor's performance.

Although SBA representatives recognized that the management and cost reporting structure used during fiscal year 1983 was not useful, little was done to correct identified weaknesses. The contractor told us that it had generally complied with contract reporting requirements and would have made changes to the reports, had changes been requested by SBA.

OPERATING COSTS WERE HIGHER THAN ANTICIPATED

The original anticipated cost for operating PASS in fiscal year 1983 was \$673,949, which was based on the contractor's total estimated cost for doing each task required in the contract. The contractor reportedly based these estimates on SBA's procurement documents.

The contractor subsequently submitted additional pricing proposals that raised the estimated cost for fiscal year 1983 to \$1,441,006--\$767,057, or about 114 percent, higher than the original proposal. (As of Jan. 1, 1984, total actual costs were not available.) Although the additional funding requested was significant, SBA did not require the contractor to provide a detailed explanation or task analysis explaining why the additional costs would be incurred. The contracting officer did request the Defense Contract Audit Agency to audit the proposed increase. However, the primary purpose of the audit was to determine the accuracy of the contractor's cost projections; it was not intended to evaluate the contractor's performance or evaluate why costs were higher than originally estimated. The audit report, dated September 14, 1983, listed several cost discrepancies, but otherwise concluded that the contractor's proposals were an acceptable basis for price negotiations.

As shown in the table below, we compared the original estimated costs with the revised costs for the major cost categories in fiscal year 1983. The largest dollar differences were \$637,538 for computer services and \$134,852 for labor.

Comparison of Original Versus Revised Cost

Fiscal Year 1983

<u>Major cost category</u>	<u>Costs</u>		<u>Differences</u>	
	<u>Original</u>	<u>Revised</u>	<u>Amount</u>	<u>Percent</u>
Labor	\$416,895	\$ 551,747	\$134,852	32
Equipment	22,529	43,487	20,958	93
Computer services	175,118	812,656	637,538	364
Other	<u>59,407</u>	<u>33,116</u>	<u>-26,291</u>	<u>-44</u>
Total	<u>\$673,949</u>	<u>\$1,441,006</u>	<u>\$767,057</u>	<u>114</u>

The contractor told us computer costs were higher because SBA failed to provide comprehensive historic computer utilization information during the proposal process. The contractor stated that this information would have permitted a more accurate estimate of computer utilization. For example, SBA procurement documents did not include a detailed workload analysis showing the amount and type of computer resources used for each function.

To explain the higher estimated cost for labor, the contractor said that, because the PASS operating software did not perform as expected and was poorly documented, additional people were needed to maintain and operate the system.

THE FUTURE OF PASS IS UNCERTAIN

The contract for operating PASS expired on September 30, 1983. Although SBA had the option to renew the contract for fiscal year 1984, SBA decided on May 12, 1983, that not renewing it would be in the government's best interest. This decision was generally based on

--SBA's determination, after the contract had been awarded, that the current contractor was not a small business (as required by the contract) and

--concern with the high costs of operating the system.

SBA planned to conduct a fully competitive procurement and award the contract to a small business by September 30, 1983. However, on July 18, 1983, SBA discontinued this procurement action on the basis that SBA did not have enough time to complete a fully competitive procurement by September 30, 1983.

SBA program representatives told us that because of the time constraints they considered awarding a sole-source contract to

another vendor that had bid on the PASS contract during the last competitive procurement in 1982. This alternative was determined infeasible because of the amount of time that had passed since the vendor submitted its proposal. Another alternative considered was to convert the PASS operating software to run on the Department of Commerce computer facility, which had computer time available. This was determined infeasible because of uncertainties about conversion costs and about SBA's ability to convert the system by October 1, 1983.

Ultimately, SBA decided to negotiate an interagency agreement with the U.S. Railway Association. The Association had operated and tested certain functions of PASS during January and February 1983, which SBA believed demonstrated sufficient capability to operate the system. SBA representatives believed the operation of PASS would be more economical on the Railway Association's computer than on a computer facility in the private sector. SBA estimated a potential savings of about \$500,000 during fiscal year 1984.

On August 31, 1983, SBA's Assistant Administrator for Administration told us that SBA had selected the alternative to use the services of the Railway Association, with certain modifications. First, the Association would operate PASS only for fiscal year 1984. Second, SBA would hire a socially or economically disadvantaged (8(a)) firm to redesign, develop, and test a new PASS system to operate on a minicomputer. We were also told that SBA tentatively planned to conduct a competitive procurement for operation of the new system by September 30, 1984.

The Assistant Administrator also told us that he was asked to lead a study group evaluation of the current system, obtaining viewpoints from a cross section of PASS users. The study group's report to the Administrator, dated October 7, 1983, concluded that it was a strongly held view of PASS users that the current system should be kept, with a number of changes and refinements. In addition, the report included recommendations that SBA

- establish an active working group to tap the ideas, experience, and enthusiasm of PASS users, and
- delay contracting for PASS changes until the users group provided further input.

As of January 1, 1984, SBA was proceeding with its total redesign plans. SBA's decision to redesign PASS was not based on a comprehensive analysis that justified both the need for a total system redesign and its implementation on a minicomputer. For example, SBA did not (1) update the functional requirements document that included all of the current requirements of SBA, other federal, and private users, (2) evaluate whether changes can be made to the existing system that would eliminate the need for a total system redesign effort, or (3) study the costs, benefits, and risks associated with each potential system alternative. Furthermore, SBA selected a minicomputer as the target machine

(hardware) without evaluating the current and future hardware, software, and telecommunications requirements. Nor did the agency evaluate the potential effects on the system of significantly increasing the number of PASS users and the amount of information the system would be required to maintain if PASS were used by all federal agencies and government contractors as the primary source of information about small businesses. In accordance with good system development practices, decisions on hardware and software should not be made until these analyses of requirements and workload have been performed and the results are validated by the system's users.

CONCLUSIONS

We believe the gaps in SBA's oversight of contractor activities and costs were significant. When SBA hired a contractor to operate PASS, the agency had to rely on that contractor to operate the system according to specifications and within cost. However, a contractor's involvement did not absolve SBA from its management responsibilities. Furthermore, because SBA changed contractors at the beginning of fiscal year 1983, it should have closely monitored contractor activities until all system functions operated smoothly.

Regarding the future of PASS, changing system operators while concurrently designing a system to replace PASS involves high risks that have not been fully addressed by SBA. The U.S. Railway Association, designated as the new operator of PASS, will not have the benefit of a well documented system to help resolve persistent operational problems. In addition, the Association will inherit a large backlog of profiles for processing and may be required to quickly resume important system functions that were not operated during fiscal year 1983.

We recognize that the high cost and software problems that occurred during fiscal year 1983 lend support to SBA's position that PASS should be redesigned. However, redesigning automated systems is often a risky and costly endeavor. We are concerned that SBA's decision to redesign PASS was not based on comprehensive analyses--which would also form the basis for guiding design activities. Furthermore, the selection of a minicomputer as the target machine is premature and may inappropriately limit available alternatives for meeting overall system objectives and long term needs of its users. SBA's time frame for redesigning PASS may be too optimistic considering the extensive effort historically experienced by agencies in designing, developing, documenting, testing, and implementing automated systems.

RECOMMENDATIONS

To increase the level of technical oversight in operating PASS and to build an appropriate foundation for a new system, if needed, we recommend that the Administrator of SBA:

--Direct the program and contracting offices to closely monitor the technical and management operations of PASS at the U.S. Railway Association.

--Defer any hardware or software decisions on a new system until SBA (1) analyzes the current functional requirements and evaluates the current system's ability to meet these requirements, (2) identifies alternative system approaches to meeting these requirements, and (3) performs a cost-benefit analysis of each approach to use as a basis for any future redesign efforts.

AGENCY COMMENTS

SBA disagreed with our position that management was not closely monitoring the contractor's performance and costs. SBA believed that it had fulfilled its oversight responsibilities through regular management meetings with the contractor. We believe that closer monitoring was necessary, considering the weaknesses noted. As a minimum, SBA should have periodically reviewed the work being performed by contractor and subcontractor employees and required the contractor to provide more meaningful reports about its actual-versus-planned performance and costs.

SBA also disagreed with our position that the new system development should be delayed. SBA planned to award a contract for the redesign, development, and implementation of PASS in January 1984. The agency agreed that the information developed from a functional requirements study and analysis of system alternatives and cost benefits would be helpful. However, SBA believed that the high cost and serious operational problems that occurred during fiscal year 1983 warranted prompt initiation of the new system development.

We believe that the development and implementation of an automated information system is often a costly and risky endeavor, even when the appropriate foundation for the system has been well defined, documented, and validated by the system's users. Without this foundation, the system development may be very time consuming and expensive and may not satisfy user needs. This could further inhibit federal efforts to identify contracting opportunities for small businesses.

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United States House of Representatives
Committee on Small Business
Subcommittee on General Oversight and the Economy
3-363 Rayburn House Office Building
Washington, D.C. 20515

SILVIO D. CONTE MASS
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SHERWOOD L. BOSHLERT N.Y.
MICHAEL BURKAKIS FLA.

MARK L. LEVINE
SUBCOMMITTEE STAFF DIRECTOR
202-228-8944

DONALD C. BERNO
SUBCOMMITTEE MINORITY COUNSEL
202-228-3430

March 9, 1983

Mr. Charles Bowsher
Comptroller General
General Accounting Office
441 G St., NW
Washington, DC 20548

Dear Mr. Bowsher:

It has long been the policy of the Congress to ensure that the federal government maximize procurement opportunities with small business contractors. One of the most important tools that the government can use to achieve this objective is a well maintained data system that would allow federal agencies to target their procurement activities to potential small business contractors.

In late 1978, the Small Business Administration instituted the Procurement Automated Source System (PASS) to provide federal agencies with lists of potential small business contractors. The PASS program lists and profiles these small firms by their area of expertise. According to GAO letter report B-178205 (June 26, 1979), the SBA expected to have 150,000 entries by 1983.

I feel it would be very useful for the General Accounting Office to initiate an investigation of the SBA's PASS program. I would like to know how well the system is functioning and if it is being used by other federal agencies to foster small business procurement contracting opportunities. Does PASS contain accurate, relevant and up to date information about the small businesses on file? I would also be interested in learning what plans the SBA has, as well as what the GAO feels should be done, to make the PASS program as effective as possible.

In addition, the Small Business Innovation Development Act, P.L. 97-219, requires that the SBA:

develop and maintain a source file and an information program to assure each qualified and interested small business concern the opportunity to participate in Federal agency small business innovation research programs.

Mr. Bowsher
March 9, 1983
page two

I understand that the SBA is using the PASS program to comply with the above-mentioned provision of P.L.97-219. I would like the GAO to include in its investigation of PASS an analysis of how information accrued under P.L. 97-219 is being incorporated into the system. Any suggestions or comments the GAO has in this area would be welcome.

If you have any questions about this request, please call Mark Levine of the Oversight Subcommittee's staff at 225-8944.

Sincerely,


Berkley Bedell

BB:mjl

RESULTS OF GAO'S USER SURVEY OF PASS

As part of our review of the Procurement Automated Source System (PASS), we conducted a nationwide survey of the system's users to determine (1) how well PASS was functioning, (2) whether its information was accurate, reliable, and timely, (3) how the information was being used, and (4) what could be done to improve the system's effectiveness.

When we selected our sample on May 10, 1983, there were 99 PASS users, including SBA offices, federal and state agencies, and private companies located in 30 states and the District of Columbia. Using a structured questionnaire, we surveyed 28 users in 20 states and the District of Columbia. In selecting the 28--19 federal and 9 private--we considered (1) frequency of usage, (2) type of user, including SBA offices, federal agencies, and private companies, and (3) geographic location. The users selected accounted for 3,384, or about 60 percent, of the inquiries into PASS during the first 7 months of fiscal year 1983. Although we did not make statistical projections from our results, the problems and concerns they raised formed part of the basis for our findings, conclusions, and recommendations.

The responses of 27 users are summarized below. (One user told us it no longer used PASS and therefore had no responses.)

QUESTIONS RELATED TO HOW WELL
PASS HAS BEEN OPERATING

1. How long have you used PASS?

<u>Response</u>	<u>No. of Users</u>
1 - 2 years	10
3 - 4 "	7
Over 4 "	10

2. Has your usage increased, decreased, or remained the same?

<u>Response</u>	<u>No. of Users</u>
Increased	14
Decreased	5
Same	7
Just started using system	1

3. How often do you use PASS?

<u>Response</u>	<u>No. of Users</u>
Daily	11
Weekly	12
Monthly	4

4. Did you provide input into the design of PASS?

<u>Response</u>	<u>No. of Users</u>
Yes	4
No	23

5. What types of problems have you experienced?

<u>Response</u>	<u>No. of Users</u>
Not being able to log in or not having the system available	20
Performing searches	7
Using key words	17

6. The system restricts the number of firms you can display to 25 firms per search. Does this cause a problem when more than 25 firms are identified?

<u>Response</u>	<u>No. of Users</u>
Yes	13
No	14

7. Have you had formal training on how to use PASS?

<u>Response</u>	<u>No. of Users</u>
Yes	20
No	7

QUESTIONS RELATED TO THE
ACCURACY, RELIABILITY, AND
TIMELINESS OF PASS INFORMATION

8. Is your office an SBA collection point for registration information on new or existing firms?

<u>Response</u>	<u>No. of Users</u>
Yes	5
No	22

8a. If yes, is the information entered into PASS in a timely manner?

<u>Response</u>	<u>No. of Users</u>
No	5

8b. If yes, what effect does untimeliness of data entry have? (Some users had more than one response.)

<u>Response</u>	<u>No. of Users</u>
Lessens credibility of system	2
Decreases firms' chance to compete	5
Causes complaints about out-of-date information	1

9. Is the information you obtain from PASS easy to understand?

<u>Response</u>	<u>No. of Users</u>
Yes	27

10. Do you verify the information from PASS for accuracy, completeness, or recentness?

<u>Response</u>	<u>No. of Users</u>
Yes	8
No, assume it is correct	19

10a. If no, who do you rely on to verify the information?

<u>Response</u>	<u>No. of Users</u>
SBA or the contractor that operates PASS	15
Procurement representative who requested the information	1
Both of the above	3

QUESTIONS RELATED TO HOW
PASS INFORMATION IS USED

11. Why is PASS used?

<u>Response</u>	<u>No. of Users</u>
To assist in meeting goals to award contracts to certain types of firms	21
To assist procurement representatives in identifying small firms and to provide small firms a means for being identified for contract opportunities	6

12. Could you operate without PASS?

<u>Response</u>	<u>No. of Users</u>
Yes, but not as efficiently	27

13. Does the information from PASS have to be refined before using it?

<u>Response</u>	<u>No. of Users</u>
No	27

14. Is PASS your primary source of information?

<u>Response</u>	<u>No. of Users</u>
Yes	14
No, a supplemental	13

15. Do you follow up on whether the firms identified from PASS searches were awarded contracts?

<u>Response</u>	<u>No. of Users</u>
Yes	4
No	23

QUESTIONS RELATED TO IMPROVEMENTS
IN PASS OR ITS INFORMATION

We obtained suggestions from 26 users to improve operation of the system or its information. The suggestions are listed below, by category.

<u>Suggestions related to the use or structure of key words</u>	<u>No. of Users</u>
-- Make key words more specific in the users' respective fields of interest	17

- Provide for adjacent searching capability when a key word identifier consists of more than one word 6
- Establish a system feature that allows flexibility in the spelling of approved key words in the profile description 2
- Have users annually provide an updated list of key words 1

Suggestions related to searching
the PASS data base

- Provide more examples in users guide on how to combine profile information fields to facilitate eliminating firms that do not meet the desired requirements 3
- Use Standard Industrial Classification Codes or Federal Supply Classification Codes with key words to permit more precise identification of firms 11
- Allow some latitude in spelling when conducting searches by firm name 3
- Remove the limit of 25 firms displayed per search 13
- Shorten log-in procedures 1
- Shorten response time to complete searches 3
- Allow a user to interrupt the display of a profile after sufficient information has been displayed to determine that the firm is not applicable 1

Suggestions related to verification
of information in PASS

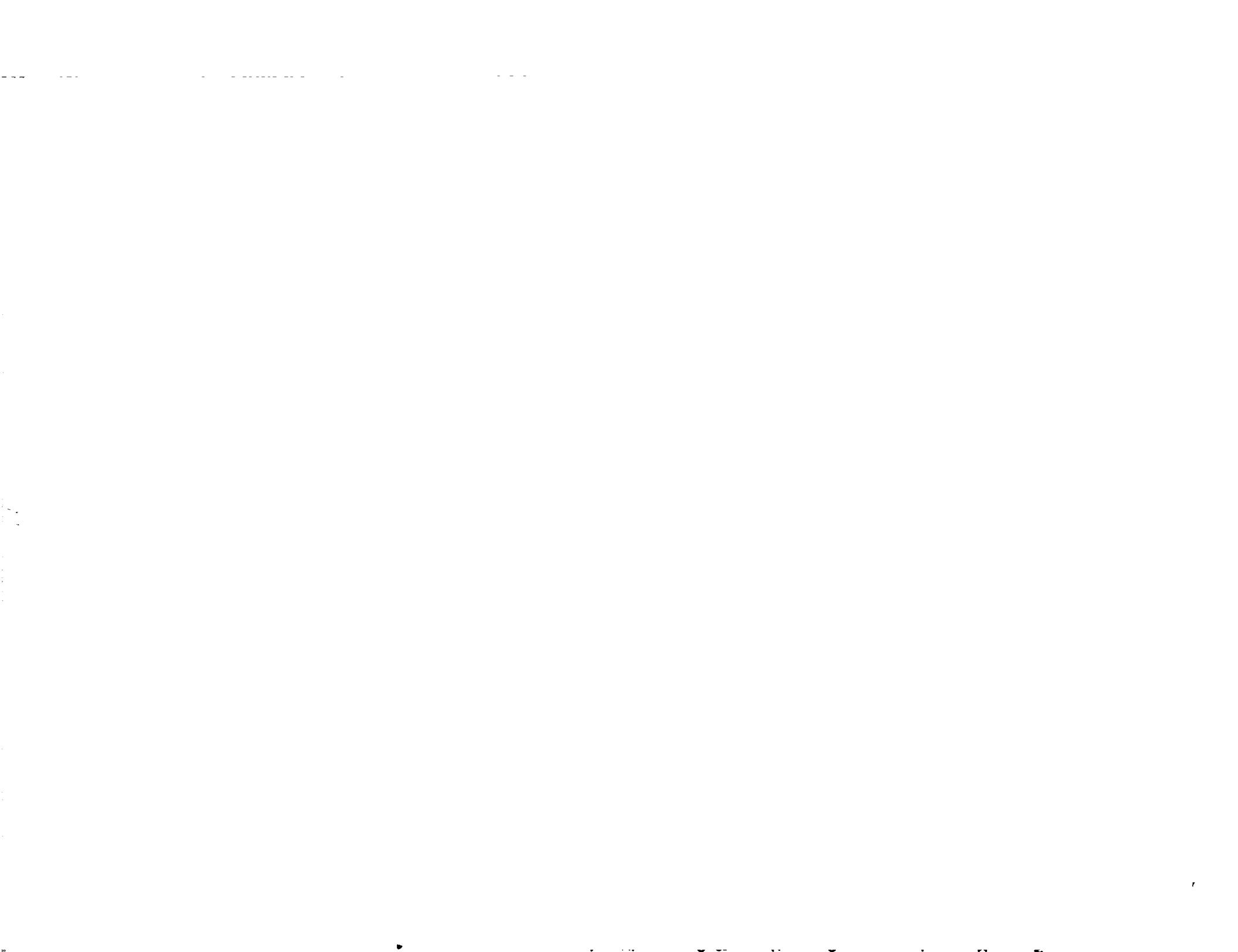
- Send a copy of the profile to the firm after it initially registers in PASS, to verify the information 1
- Allow PASS users to make certain corrections to information 2

Suggestions related to describing
a firm's capabilities

- Have a firm use appropriate key words when describing its capabilities 1
- Include references to previous experience on the profile 3
- Have a firm indicate on the profile the workload it is willing to handle 1

Other suggestions made by users

- Have one governmentwide system containing information on small firms 1
- Hold annual workshops for users to discuss experiences with PASS 1
- Publicize the availability of PASS to a greater extent than is presently being done 1
- Include more firms in PASS 4
- Update information in PASS more frequently 5
- Enter new firms into PASS more promptly 3





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