

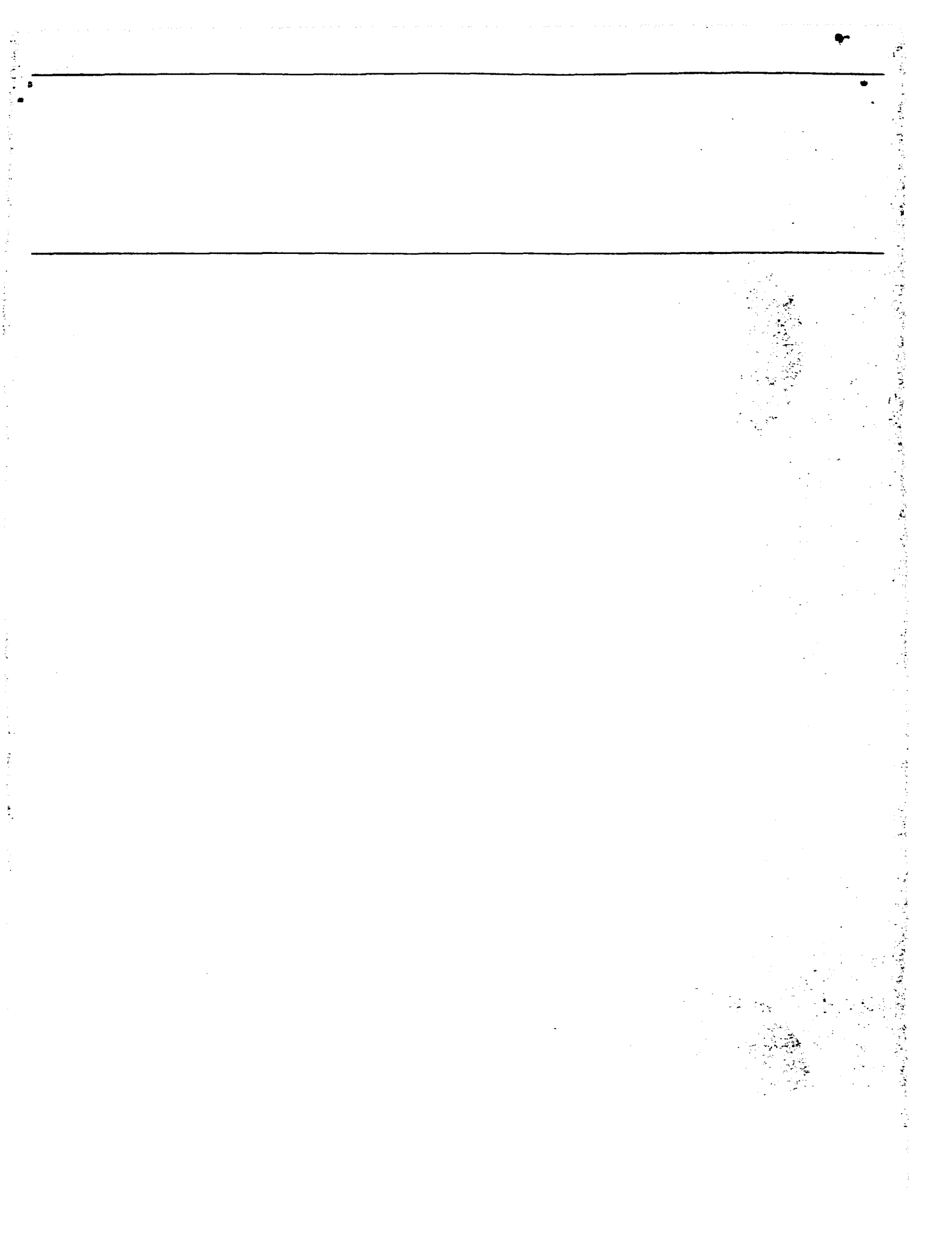


July 1989

SOCIAL SECURITY

Status and Evaluation of Agency Management Improvement Initiatives







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

Human Resources Division

B-229910

July 24, 1989

Ms. Dorcas R. Hardy
Commissioner of Social Security
Department of Health and Human Services

Dear Ms. Hardy:

This is our follow-up report evaluating SSA's actions in response to the recommendations in our March 1987 report, Social Security Administration: Stable Leadership and Better Management Needed to Improve Effectiveness (GAO-HRD-87-39).

We appreciate the cooperation extended to us by your staff, and we look forward to continuing to work with the agency as it progresses toward further management and operational improvements.

This report contains recommendations to you. As you know, 31 U.S.C. 720 requires the head of a federal agency to submit a written statement of actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. We would appreciate receiving copies of these statements.

We are sending copies of this report to appropriate congressional committees and Members of Congress, the Secretary of Health and Human Services, and the Director of the Office of Management and Budget. We also will make copies available to other interested parties.

This report was prepared under the direction of Joseph F. Delfico, Director of Income Security Issues (Retirement and Compensation). Other major contributors are listed in appendix III.

Sincerely yours,

Lawrence H. Thompson
Assistant Comptroller General

Executive Summary

Purpose

In March 1987, GAO issued a report on the management of the Social Security Administration (SSA) that contained recommendations to improve program operations and better prepare for the future. SSA responded by initiating corrective actions on all the recommendations. In this report, GAO assesses SSA's progress in implementing these corrective actions.

Background

GAO's 1987 report recommended (1) strengthening and stabilizing SSA's leadership, (2) better defining and communicating agency direction, (3) improving management control over automated data processing (ADP) modernization and operations, and (4) improving and maintaining work-force quality and a favorable work climate. The commissioner approved initiatives to address all 50 of GAO's recommendations to her and established milestones and a tracking system to assure accountability for results.

To assess SSA's progress, GAO determined the status and effectiveness of each initiative in fulfilling the objectives of its recommendations. In addition, GAO inquired as to how the agency would assure that its initiatives would be continued to fruition and interviewed about 300 SSA managers and employees across the nation to obtain their views on the initiatives.

Results in Brief

SSA has made good progress in beginning to implement GAO's 1987 recommendations. The commissioner and her staff have exhibited much needed leadership in establishing agency-wide goals and objectives and developing tracking systems to assure accountability. SSA has made organizational changes and established management processes that should provide the basis for management improvement. They also show SSA's commitment to improve accountability and prepare for the future.

In some areas, however, additional management action is needed to redirect initiatives or to take more effective actions to correct the problems pointed out in the management report. These areas include financial management, strategic planning, computer operations and modernization, work standards, and management development.

Full implementation of SSA's initiatives will require considerable and substantial efforts by all SSA managers if the intended benefits of their actions are to be realized.

GAO's Analysis

Strengthening and Stabilizing Leadership

SSA has made a number of organizational changes, appointed a senior executive officer, and set up offices for financial management and strategic planning. In addition, it put together SSA's first agency-wide, long-range plan and formalized new budget, planning, and decision-making processes. (See p. 10.)

Better Defining and Communicating Agency Direction

SSA has made substantive progress in setting up a structured planning process and taken steps to integrate planning with budgeting. As a result, SSA managers told GAO that they have a clearer sense of direction. Improvements have also been made in SSA's budgeting, regulations, and policy development processes. (See p. 21.)

While insufficient time has passed to determine accurately the effectiveness of these changes and some road blocks to success exist, the initiatives have provided a framework for improved effectiveness and accountability.

Improving Management Control Over ADP Modernization and Operations

The commissioner has instituted several major changes to improve the management of ADP, but SSA needs to appoint a full-time information resource manager to ensure that efforts are integrated and coordinated and support long-range goals. The old Office of Systems was restructured so that top management could gain a better understanding of and control over ADP issues. But no one below the commissioner is really accountable for the planning and integration of information systems. More effort also is needed to make sure there is compliance with software standards and to improve project control and integration. (See p. 34.)

SSA has made strides in the area of management information by developing a new policy and a long-range plan for attaining management information goals. It has not done as well, however, in developing performance standards and measures or establishing a focal point for coordinating review and evaluation efforts as GAO recommended. (See p. 43.)

Although SSA has increased its focus on productivity, it still lacks an institutionalized, systematic approach to productivity management. It

has made limited progress in developing work standards that are needed to establish how much staff it needs. (See p. 46.)

SSA has improved the clarity and accuracy of notices that it issues to the public about their benefits and eligibility. It has automated more of them and better monitors their quality, but most employees said that SSA still has a great deal to accomplish to complete automation and language improvements. (See p. 50.)

Improving and Maintaining Work-Force Quality and a Favorable Work Climate

The commissioner and her senior staff began numerous efforts to address employees' concerns raised in GAO's management report. Award funds were increased, career development programs were redesigned, meetings were held between the executive staff and all midlevel managers nationwide, and techniques for communication with employees were enhanced. (See p. 53.)

As a consequence, employees generally told us, communications with management have improved. But concerns over the effects of continued staff cuts on work pressure and promotion potential remain. Partly as a result, morale remains low. Although information was disseminated to all components to aid in planning for potential managerial and supervisory retirements, these efforts as well as efforts to develop future managers have been relatively ineffective.

Recommendations

GAO recommends that the commissioner (1) create a system independent of the managers responsible for implementing SSA's initiatives to systematically evaluate whether the initiatives are accomplishing their objectives and implement improvements if warranted, (2) develop an annual process to compare planned with actual program results for use in formulating subsequent years' plans and budgets, and (3) designate a senior official solely responsible for information resources management.

Agency Comments

SSA agreed with many of GAO's findings and conclusions and provided updated information to reflect the status of its various corrective actions as well as accomplishments. While GAO revised the report to reflect the updated status of SSA's many positive efforts, GAO did not verify whether the actions resulted in the accomplishments SSA cited.

SSA disagreed with GAO's recommendations to create a system to evaluate whether SSA's initiatives are accomplishing their objectives and to

develop an annual process to compare planned with actual program results for use in formulating subsequent years' plans and budgets. SSA also disagreed with GAO's recommendation to designate a senior official solely responsible for information resources management at this time, although it agreed an information resources management focus is essential.

GAO's specific responses to SSA's comments are incorporated throughout the report. The full text of SSA's comments is included as appendix I.

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Abbreviations

ADP	automated data processing
CAROTS	Commissioner's Activity Report and Operations Tracking System
CFO	chief financial officer
FMFIA	Federal Managers' Financial Integrity Act
GAO	General Accounting Office
HHS	Department of Health and Human Services
IRM	Information Resources Management
OHA	Office of Hearings and Appeals
OIG	Office of Inspector General
OIS	Office of Information Systems
OSS	Office of Systems Support
POMS	Program Operations Manual System
PSC	program service center
RSDI	Retirement, Survivors, and Disability Insurance
SES	Senior Executive Service
SSA	Social Security Administration
SSI	Supplemental Security Income

Introduction

GAO has been reviewing and issuing reports on how well major federal departments and agencies are managed. Our 1987 report on the Social Security Administration (SSA)¹ contained 50 recommendations for improving that agency's management. Since our report, SSA has begun numerous initiatives to address the recommendations. This report discusses many of these actions.

Objectives and Scope

Our objective was to assess SSA's progress in implementing our 1987 report recommendations. We sought to:

- Determine the status and effectiveness of SSA's corrective actions.
- Assess the reasonableness, timeliness, and completeness of actions whose effectiveness is too early to judge.
- Determine how SSA planned to sustain the actions and ensure that they would occur in timely fashion and would have their intended effects.

Our review was done at SSA headquarters in Baltimore and at various field locations nationwide from September 1987 to May 1988. We interviewed SSA staff and collected and analyzed information obtained at 28 locations in 5 of SSA's 10 regions, 3 of its 6 program service centers (PSCs), and 1 of its 10 regional hearings and appeals offices.

Methodology

To obtain information about the leadership, design, and milestones for SSA's initiatives, we interviewed the 18 managers responsible for them. We also conducted structured interviews with judgmental samples of upper-level and midlevel managers and employees to obtain their views about the effects of the initiatives on SSA's management and operations. We interviewed the following:

- 34 upper-level managers, including 26 in headquarters, 3 PSC directors, and 5 regional commissioners.
- 71 midlevel managers, including the assistant regional commissioners for programs, management and budget, and field operations in 5 regional offices; the director of the Disability Programs Branch in 3 regional offices; 14 district and/or branch managers and 9 area directors; the director of management and the director of operations in 3 PSCs; and 24 other field and headquarters midlevel managers.

¹Social Security Administration: Stable Leadership and Better Management Needed to Improve Effectiveness (GAO HRD-87-39, Mar. 18, 1987).

- 105 employees, including 27 operations supervisors or assistant operations supervisors, 28 claims representatives, and 24 service representatives in 14 district/branch offices; 5 module managers, 6 claims authorizers, and 6 benefit authorizers in 3 PSCs; and 6 computer specialists and 3 other employees in headquarters.

While we sometimes state the statistical results of responses received to our questions, the results are not statistically projectable to all SSA employees and managers. We believe, however, that they provide useful and valid indications of respondents' views. We supplemented the structured interviews with routine interviewing and data collection activities to determine the status of actions taken or planned and to evaluate whether they accomplished the objectives of our recommendations.

For the various initiatives in progress, we examined (1) SSA-generated operational data and management information, including budget, personnel, and work measurement data; (2) Senior Executive Service (SES) contracts and merit pay plans; (3) automated data processing (ADP) contractor reports; (4) staff allocation plans; (5) planning documents; and (6) organizational charts and related role and responsibility descriptions.

In addition, we met with outside experts knowledgeable about SSA programs and operations or the administration of public agencies to obtain their views on SSA's efforts. Our review was done in accordance with generally accepted government auditing standards.

We obtained official agency comments on a draft of this report and incorporated the comments in the report where appropriate. The comments are included in their entirety in appendix I.

Providing Stronger and More Stable Leadership

Our 1987 report on SSA's management discussed several major problems adversely affecting leadership, including (1) the constant turnover of commissioners and use of acting commissioners; (2) an organizational structure that diffused accountability for program effectiveness and financial management; and (3) unstructured budgeting, planning, and decision-making processes. These problems, together with others discussed in the report, contributed to many of SSA's operational and managerial deficiencies and made it difficult to implement change and prepare for the future.

We made a number of recommendations to SSA to correct the problems and recommended that the Congress establish a fixed 8-year term for the commissioner. While the Congress has not established such a fixed term, SSA has initiated numerous actions that have laid the groundwork for substantial management improvement. SSA has (1) made several organizational changes; (2) established for the agency a senior executive officer, an Office of the Chief Financial Officer, and an Office of Strategic Planning; (3) developed an agency-wide, long-range plan; and (4) established formal budget, planning, and decision-making processes.

These actions demonstrate a commitment to improve overall management and accountability and to better prepare for the future. While in some areas we suggest improvements and in others it is too early to judge whether the actions will accomplish their objectives, SSA's initiatives thus far provide a needed foundation for improved management and operations and should be sustained.

Leadership Has Been Strengthened

In our prior report, we said that frequent turnover in commissioners and many of SSA's top positions being filled by officials in acting status resulted in a lack of continuity and strength in leadership. As a result, major problems were allowed to develop and continue, particularly in automated data processing (ADP) modernization, organizational effectiveness, long-range planning, and relationships with the Office of Management and Budget on program policy.

Although the commissioner has little control over the continuity of leadership, she has taken numerous actions that we believe demonstrate strong leadership for SSA. Goals and objectives are clearer, management accountability has been increased, needed management processes have been formalized and institutionalized, and new positions and offices have been put in place. Together, these actions should enhance planning for the future, budgeting accuracy, focus on productivity and financial

management, and overall intercomponent coordination and effectiveness.

The commissioner has appointed permanent deputy commissioners and reduced the number of acting officials in lower level positions. She also developed the Commissioner's Activity Report and Operations Tracking System (CAROTS), which sets the agency's priorities and holds managers accountable, through their SES contracts, for accomplishing the commissioner's objectives. Her organizational changes included moving the Office of Systems under the deputy commissioner for operations and establishing a senior executive officer position, an Office of the Chief Financial Officer, and an Executive Secretariat. She also formalized the budget, decision-making, and agency-wide planning processes. While not all fully implemented, these actions have improved management and operating processes.

Gains SSA has made can be easily undone, as often happened in the past, if commissioners change and the new commissioner does not continue and build upon efforts in progress. While a new commissioner will have an individual management style and priorities, it is paramount that he or she carry on the essence of current initiatives and use recently implemented processes that promote efficiency, effectiveness, and good service. We continue to believe that the best method for ensuring continuity in SSA leadership is to establish a fixed term for the commissioner, and we hope the Congress will further consider mandating an 8-year term as we recommended in our March 1987 report.

SSA managers we interviewed believe leadership has improved. About 61 percent of midlevel and 58 percent of upper-level managers felt the commissioner's initiatives addressed the most critical issues facing SSA. Also, about 58 percent of the midlevel and 84 percent of upper-level managers felt that her initiatives had improved the overall management of their units. Further, about 85 percent of midlevel and 94 percent of upper-level managers believed that some or all of the commissioner's initiatives should remain in effect if commissioners change. Examples routinely mentioned were long-range planning, systems modernization, and CAROTS. If the commissioner's initiatives continue, managers expect several significant improvements in the agency's ability to accomplish its mission. These include increased automation, improved notices, and a variety of service delivery options.

However, about 58 percent of midlevel managers and 75 percent of upper-level managers felt that some or all of the commissioner's initiatives would not be continued if commissioners change. Also, if staff reductions anticipated through 1990 are continued, about 60 percent of the field midlevel managers and over 80 percent of the field employees we interviewed believe that both the quality and timeliness of their units' operations and service to the public will decline. While about a third of headquarters upper-level managers and three-fourths of field upper-level managers agreed, they believed that systems improvements can lessen the adverse impact of staff reductions on public service. According to questionnaire results from another GAO study done in June 1988, half of the field office managers said their office performance was declining and 90 percent of them attributed it to staff cuts. Of the field office managers who lost staff, 80 percent said it negatively affected their operations. Finally, as a result of our interviews with managers responsible for SSA's 50 initiative areas, we concluded that SSA had no plan to determine if the initiatives were having their intended effects.

Although SSA's initiatives represent an aggressive and ambitious effort, SSA needs a systematic evaluation process independent of the managers responsible for the initiatives to ensure that desired results are attained. For example, one initiative SSA took was to design several improvements to the writing standards for its program operating manual (POMS). It began implementation of the new standards in January 1988. However, in October 1988 it discovered that POMS writers had not uniformly applied the requirement. As a result, the POMS users were not experiencing the benefits intended by the changes. A systematic evaluation process would have given SSA a means of routinely identifying problems in the design or implementation of its initiatives early on, such as the one for the new POMS standards. Such an evaluation system would maximize the effectiveness of the 50 initiatives in solving the problems we previously identified and minimize the time it takes to identify and correct problems.

Recommendation

We recommend that the commissioner create a system independent of the managers responsible for implementing SSA's initiatives to systematically evaluate whether the initiatives are accomplishing their objectives and implement further improvements if warranted.

In commenting on a draft of this report, SSA disagreed with our recommendation. It believes that CAROTS provides the commissioner the means to track achievement of key agency initiatives. However, we continue to

believe that SSA needs an independent assessment to verify whether the commissioner's initiatives accomplish their objectives. CAROTS cannot provide the objective feedback needed, because officials responsible for the commissioner's initiatives are not an objective source for determining whether the initiatives accomplished their intended effects. An independent assessment would increase the commissioner's knowledge of and control over operations. Further, as discussed on page 26, CAROTS does not allow evaluation of the effectiveness of the initiatives.

Organizational Changes Should Enhance Management and Operations

In our prior report, we said that SSA's functional organization was not well-suited to managing SSA's diverse missions and operations and lacked effective mechanisms to integrate its many activities. Consequently, we recommended that SSA establish a "general deputy commissioner" or general manager to share the burden of agency management with the commissioner and maintain a small staff, reporting to the commissioner's office, to (1) facilitate agency-wide planning, (2) monitor and integrate component planning and activities, and (3) oversee performance of agency-wide initiatives.

The commissioner subsequently appointed a senior executive officer to serve as the agency's general manager and established an Office of Strategic Planning to facilitate planning and monitor and integrate component planning and activities. These two major changes should result in improved management, continuity, and coordination of SSA operations. While the commissioner has chosen not to change SSA's basic functional structure, she has made several changes to improve the operational effectiveness of (1) the old Office of Systems, (2) management information, and (3) financial management. The results of these changes are discussed elsewhere in this report. (See pp. 36, 44, and 15.) SSA's organizational structure is shown in appendix II.

Senior Executive Officer Position Established

A senior executive officer position was permanently established and filled within the Office of the Commissioner in January 1988. The incumbent in this position is to serve as the agency's general manager, advising the commissioner on management issues and overseeing the integration of agency activities.

Although it is too early to gauge the position's effectiveness, its roles and responsibilities meet the objectives of our recommendation. The position enhances the capacity of the Office of the Commissioner to manage day-to-day operations and clarifies lines of authority for general

management functions. The incumbent is the commissioner's principal advisor on agency-wide management issues, freeing the commissioner to concentrate more on policy initiatives and congressional and public responsibilities.

The position will be most effective if the incumbent has career status and serves for an extended time. This would provide (1) greater continuity in SSA's top management team and (2) increased institutional memory about the causes and implications of SSA's management problems. The position's effectiveness could be undermined, however, if a commissioner chose to circumvent the position, or if the position were filled by individuals with relatively short tenures. If SSA is to improve significantly its management effectiveness over the long run, this position should be effectively used and consistently filled by a highly capable manager.

Office of Strategic Planning Established

A permanent central policy, planning, and management staff, which reports to the Office of the Commissioner, was created in October 1986. The purpose of the Office of Strategic Planning (OSP) is to facilitate planning, monitor and integrate component planning and activities, and oversee performance of agency-wide initiatives.

OSP should enhance the commissioner's ability to set direction, plan, and oversee major policy and operational initiatives. The office's organizational location provides high-level attention, focus, and commitment to agency-wide planning. Previous SSA planning efforts failed in part because the planning staff did not report directly to the commissioner.

OSP directed its initial efforts to developing a long-range strategic plan in order to provide a clear sense of how SSA wants to deliver services in the future and to guide its budget and ADP modernization efforts. The result was a plan, "2000: A Strategic Plan," dated January 1988, which components could use in preparing tactical 5-year plans.

Perhaps because OSP devoted most of its efforts to developing the long-range plan, it devoted limited attention to integrating and coordinating component activities. Fewer than 20 percent of the senior executives and midlevel managers we interviewed believed that OSP has been effective in integrating component planning and decision making.

OSP now needs to focus its attention on carrying out its key role of integrating and coordinating component activities. We found, for example,

that the deputy commissioner for operations, the deputy commissioner for management, and the chief financial officer each are planning separately to acquire computer equipment, software, and related telecommunications equipment. Also, both the chief financial officer and the deputy commissioner for management are developing separate management information systems and requirements. If these efforts are not effectively coordinated, SSA runs the risk of duplication or inefficiency in these processes. In commenting on a draft of this report, SSA informed us that OSP also has been responsible for (1) finalizing and publishing its 1989 Information Resources Management (IRM) plan, (2) establishing an integrated planning process to produce the fiscal year 1990 IRM plan, and (3) laying the foundation for a comprehensive IRM program at SSA. In addition, OSP has been involved in the implementation of a comprehensive total quality management program to improve public service. However, SSA did not comment on the specific actions it will take to coordinate and integrate component activities.

Substantial Progress in Improving Financial Management Processes

Our prior report stated that the correction of SSA's long-standing financial management problems was hindered by a fragmented organizational structure and the absence of a high-level focal point for financial management.

We recommended that SSA establish a controller or comparable official reporting to the commissioner to provide the continuing leadership needed to help resolve financial management problems. We also recommended that SSA improve its efforts to implement the Federal Managers' Financial Integrity Act (FMFIA)¹ of 1982 and issue audited financial statements to help sustain SSA's management commitment and the discipline needed to make lasting improvements in financial management.

SSA responded to our recommendations by appointing a chief financial officer (CFO), publishing audited financial statements, and establishing a sound structure to begin addressing accounting and internal control system problems. Improvements to operational processes have just started.

¹The Federal Managers' Financial Integrity Act of 1982 (P.L. 97-255) places primary responsibility for maintaining adequate systems of internal control and accounting on agency management. The act requires agency heads to report annually to the President and the Congress on the status of these systems and describe in detail the plans and schedule for rectifying any weaknesses.

Focal Point for Financial Management Established

In March 1987, the commissioner appointed a CFO, who organized his staff to help him do the following:

- Manage the daily operations of SSA's administrative and cost accounting systems and assure that they support SSA's management needs and meet the accounting and financial management requirements of the Comptroller General.
- Provide guidance and leadership in the development and operation of automated systems and monitor results to assure the integrity and accuracy of the information provided. The CFO also will review functional requirements for new systems or modifications to existing systems to assure appropriate internal controls are provided.
- Serve as SSA's cash and debt management officer and act as principal liaison with the Railroad Retirement Board and the Internal Revenue Service.
- Conduct reviews to assess the reliability and accuracy of SSA's end products, such as its earnings records, benefit payments, and outstanding debt reports.
- Direct the new SSA Systems Review Board, which will examine all major ADP contracts before award for consistency with SSA-wide needs, plans, and budget. The board will also monitor the progress and results of procurement efforts.

Initial Efforts to Improve Financial Management

According to an official of the Office of the Chief Financial Officer, initiatives planned or undertaken by the CFO to improve financial management include the following:

- Award of a contract to improve internal control assessments of SSA's benefit payment systems.
- Development of automated systems to support SSA's administrative and financial functions and to integrate the subsystems, such as purchasing and accounts payable.
- Improvement of SSA's debt management processes.
- Improvement of information maintained in SSA cost allocation and work measurement systems.

Financial management issues affect and involve most SSA activities and components. Consequently, to establish effective financial management systems, processes, and controls all of SSA's organizational components must cooperate with the CFO. Yet more than 50 percent of SSA middle managers and many field staff we interviewed were unsure of the role of the CFO and how it would affect SSA financial activities and relate to

their current role in these activities. Without this knowledge, it would be less likely that these users would fully and effectively participate in SSA's financial management improvement efforts. After we advised SSA of this potential problem, the CFO issued memorandums further clarifying his duties and responsibilities, discussed his role in the organization at regional management conferences, and explained the purpose of SSA's financial statements in the employee newsletter.

The CFO has established the processes for correcting many of the agency's financial management weaknesses. However, improvements have not yet been realized, particularly in the areas of controlling benefit payments, developing and implementing an effective debt management system, and implementing effective methods of assessing accounting and internal control systems to meet FMFIA requirements. To assure that these improvements are accomplished, SSA's top managers must maintain their commitment to ensuring that the entire organization works together to improve financial management.

In commenting on a draft of this report, SSA informed us that numerous activities have been undertaken to improve financial management. These efforts include entering into an agreement with the Internal Revenue Service to reduce long-standing discrepancies in the annual wage reporting process and implementing a quality assurance review process that focused agency efforts on improved debt detection and prevention. SSA informed us that as a result of these and other efforts, the commissioner certified for the first time that SSA was in compliance with FMFIA. GAO FMFIA audit work has not included an evaluation of this certification.

The Department of Health and Human Services, however, in its 1988 Financial Integrity Act report pointed out that SSA had several material weaknesses in its internal control and accounting systems. These weaknesses hinder SSA's ability to carry out its debt management, cash receipts, and earning records processes as well as its accounting responsibilities for property and program benefits.

SSA needs to determine whether additional organizational realignments will be necessary to clarify further the roles of the CFO and to focus responsibility and accountability for such processes as debt management in a single component.

Financial Statements Audited and Published

SSA for the first time published audited financial statements, which were included in its 1988 and again in its 1989 annual reports to the Congress. The Department of Health and Human Services (HHS) inspector general's audit of the statements found that SSA's combined statement of financial positions, with a few minor exceptions, fairly presented the agency's financial position at the end of fiscal years 1987 and 1988, respectively, in conformity with generally accepted accounting principles for federal agencies.

SSA plans to continue to include audited financial statements in its annual report to the Congress. Over time, such statements should help improve (1) public reporting of and confidence in the results of the government's stewardship of SSA's benefit programs, (2) management information for SSA officials, and (3) the organizational discipline necessary to develop and maintain adequate systems of internal control and program accounting.

Agency-Wide Decision Making Improved

In our prior report, we said that SSA's unstructured decision-making process permitted important decisions to be made without (1) involving or informing key knowledgeable or affected officials; (2) adequately analyzing alternatives, risks, costs and benefits; and (3) assuring that key decisions conformed to SSA's values and objectives. We recommended that the commissioner develop a formal, structured process that specifies the necessary criteria for making decisions and safeguards against the aforementioned shortcomings.

Since then, SSA has established a more formal, structured decision-making process. Instructions describe the types of issues that require commissioner and/or executive staff involvement and the documentation required, including the analysis of alternatives, costs, and benefits. The documentation for the 25 decision memorandums we reviewed complies with the requirements of SSA's new process.

Other management functions and processes that help to improve decision making have been established. The improvements to facilitate effective decision making should assure that key decisions are sound, consider efficiency and cost, and are in accordance with SSA's goals and objectives.

Formal Decision Process
Established

The commissioner established a formal decision-making process for SSA in February 1988. The new process includes principles, guidelines, and procedures for obtaining executive consideration of decisions. Matters that require commissioner and/or executive staff involvement include

- any new rule, legislative proposal, regulation, or policy;
- budget formulation, execution, and development;
- implementation of budget policy and procedures;
- proposed planning documents that involve major planning directions and significant allocations of resources;
- major hardware and software procurements of \$100,000 or more; and
- any systems issue having a significant effect on resources or operations or having major policy and/or service delivery implications.

Guidance has been provided on the documentation required, such as analyses, discussions of the issues or problems, and associated costs and benefits. The decision document also is to contain the specific actions components are to take to implement the decision.

The Office of the Executive Secretariat within the commissioner's office provides a formal structure and focal point for the new decision-making process. It ensures that agency components adhere to the requirements of the decision process, matters requiring the commissioner's attention are presented and coordinated in timely fashion, and clearances are obtained from appropriate individuals or affected components. The Executive Secretariat records and communicates all decisions made by the commissioner, sets milestone dates, and tracks and monitors component performance.

Other Improvements to the
Decision Process

Other new management functions and processes discussed throughout this report, while not specific elements of the formal decision process, should also contribute to improved decision making by providing additional assurance that (1) significant issues/problems are surfaced and addressed, (2) priorities are established, and (3) the views of all knowledgeable or affected employees are obtained. For example, the Commissioner's Policy Council is to review all significant policy matters to ensure that SSA's policies are consistent and that the appropriate officials are involved in important decisions. CAROTS will track and monitor individual and component performance. The Systems Review Board will review ADP decisions for adequacy, cost effectiveness, and consistency with the agency long-range strategic plan. The senior executive officer

and the Office of Strategic Planning are to oversee the coordination and integration of SSA decisions on activities that require agency-wide action.

Better Defining and Communicating Agency Direction

Our March 1987 report criticized SSA for its inability to provide uniform, appropriate services to its clients and clear direction to its managers and employees regarding (1) what its organizational goals and objectives were, (2) how it wanted to do business in the future, and (3) what its optimum level of resources should be. SSA lacked a system for central long- and short-range planning to provide clear direction, a budget process that sufficiently linked plans to operations or accurately determined resource needs, and effective processes for developing program regulations and operating instructions. Without these processes (1) the agency's computer modernization efforts were carried out without an operational blueprint for guidance, (2) staff reductions were conducted without knowing what minimum levels could be tolerated before public service and productivity would suffer, and (3) component activities were routinely uncoordinated and conducted without regard to agency priorities.

Since our management review brought these issues to its attention, SSA has developed an agency-wide, long-range, strategic plan; made substantive progress in setting up a planning staff and a structured planning process; and taken steps to integrate planning with budgeting, improve the budgeting and regulations processes, and program operating instructions.

While it will take time for these new or improved processes to be fully successful and, in some cases, roadblocks to success must be removed, the initiatives have given the agency a framework for greatly improved operational effectiveness and management accountability. However, the long-range nature of these activities makes their success dependent on continued support by SSA's management.

Progress in Establishing an Agency-Wide Planning Process

In our March 1987 report, we recommended that SSA develop an agency-wide plan to guide policy, budget, and ADP systems decisions and hold managers accountable for adhering to the plan. In response, it established the Office of Strategic Planning, which developed a long-range strategic plan. Components have developed implementation, tactical, and operational plans to support and carry out the intent and direction of the strategic plan. The strategic planning process offers the potential to guide ADP planning and budget development, provide clearer direction for future operations, and allow SSA to initiate change smoothly and avoid crisis situations. If planning is to succeed, it must be sustained across administrations and continue to be conducted by a component that reports directly to the commissioner. Earlier SSA planning efforts

failed in part because they were performed at lower organizational levels and consequently were not viewed by SSA's components as having the full support of the commissioner.

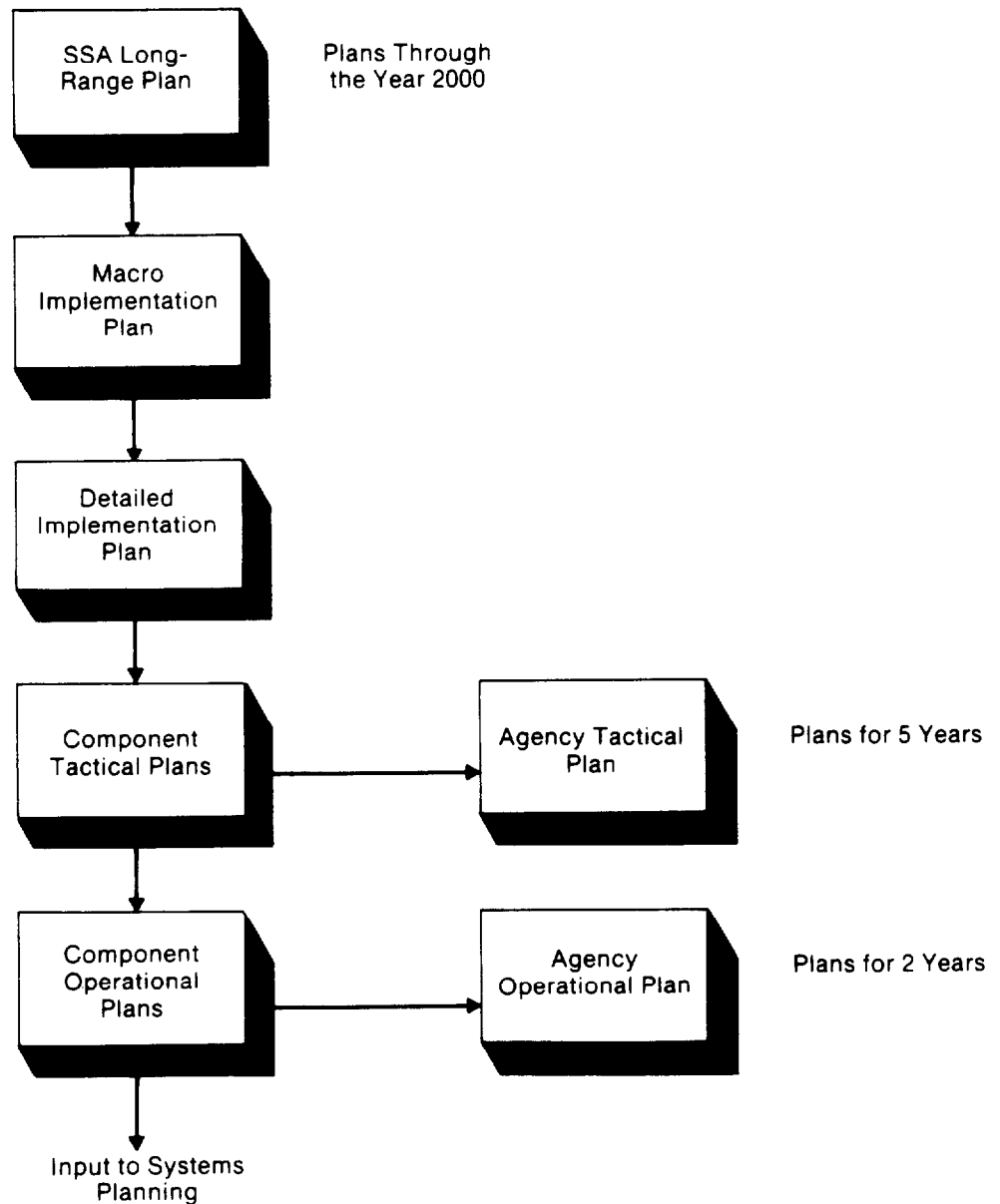
The process, however, does not (1) provide the specific guidance needed for ADP planning, (2) lay out SSA's future human resource needs, and (3) provide for measuring and comparing performance to expectations. In addition, the success of the long-range plan is at risk depending on how well SSA's systems organization carries out its responsibility for integrating its various planning efforts. Without effective systems integration, there is increased potential for failure and project delays. (See p. 40.)

Strategic Planning Process Developed

In January 1988, SSA published a long-range strategic plan stating how SSA plans to conduct business 10 to 15 years in the future. The plan lays out activities intended to guide the agency to improving public service through selected program changes and technological improvements. About 74 percent of SSA's top managers whom we interviewed stated that the long-range plan gives SSA clearer direction than before for guiding its future operations.

To complete the planning process, components developed implementation, tactical (5 year), and operational (2 year) plans. SSA's planning process is shown in figure 3.1.

Figure 3.1: SSA Planning Process



This planning is to occur continually, with annual modifications to the agency's strategic long-range plan as needed. Guidance on preparing the plans and related budget submissions was provided to the executive staff in November 1987 and February 1988. This front-end guidance

provides the opportunity for the agency strategic plan to drive the agency budget process for the first time. The relationship between planning and budgeting is discussed in more detail on page 27.

Accountability for attaining the objectives of the strategic planning process is to be accomplished through CAROTS and through quarterly management reviews held with each deputy commissioner. OSP is responsible for assuring that the agency strategic plan is properly interpreted throughout SSA and that related mid- and short-range component plans are properly coordinated and integrated. The CFO is responsible for assuring that the various systems initiatives and projects undertaken in support of component planning conform to the long-term direction of the agency strategic plan.

While these actions represent an excellent start, the process has shortcomings, which are discussed in the following sections.

Long-Range Plan Does Not Provide Guidance for Systems Planning and Modernization

While the long-range strategic plan provides an overall blueprint for future operations, it does not provide the specific guidance needed for systems planning for projects essential to attaining SSA's future methods of service delivery and operations. However, OSP is developing this guidance with contractor support to determine SSA's future operational requirements, including what functions the agency will perform, with what resources, and with what level of accuracy and timeliness. This will directly affect the type of ADP technology needed, the design of the software, the organization of the databases and file structure, and the type of communication system needed to support data transmission. Only after this guidance is developed can the Office of Systems Support (OSS) design and acquire the most cost-effective ADP processes and hardware to support the new ways of doing business. This effort is the agency's first attempt at providing top-down, agency-wide guidance to direct systems planning. If it is to succeed, it will require sustained top management attention and direction over time, as SSA expects it will take several years to develop the needed guidance.

Even after effective guidance for systems planning is provided, success in attaining the goals of SSA's long-range plan is intricately linked to OSS's success in accomplishing modernization and coordinating the efforts of the various systems components. Due to substantive problems OSS is experiencing (discussed on p. 34), the goals are at risk.

Human Resource Planning Needed as Integral Part of Long-Range Plan

SSA's long-range plan is silent concerning what future human resource needs will be, given the new operational activities anticipated in it. Most top SSA managers told us that the plan does not provide clear direction on the type and number of personnel needed in the future. Without this long-range needs assessment, it is difficult to address future executive retirements, training and development of SES candidates and managers needed to meet the requirements of a technologically different work force, and future ADP staffing and skill requirements.

SSA's experience in implementing the 6-year, 17,000-staff reduction points out the disadvantages of not performing human resources planning. SSA relied upon various initiatives and unrelated processes to even out the effects of attrition on the work-force. In the absence of a comprehensive work-force plan, staffing imbalances occurred, which led to inefficient operations and ad hoc stop-gap measures to relieve problems. If SSA had developed a long-range plan, including human resource planning, in the early 1980s, it could have focused in advance on the most effective way to move, replace, and train staff during downsizing to meet its future goals.

SSA could consider adopting the Department of Labor model for human resources management planning. Under this model, all managers are involved in (1) addressing how to better use resources, (2) establishing an ongoing process for analyzing work force needs, (3) establishing systems for sharing work force information with managers, and (4) determining training and development needs.

Such an approach could enhance SSA's potential for increasing the efficiency and effectiveness of its operations over time, improving the accuracy of budget estimates, and improving communications with employees. This would be beneficial during periods of staff reductions, changing work environment, computer system modernization, and large numbers of potential managerial retirements.

Need to Compare Planned With Actual Performance

SSA would be better equipped to direct and control operations if it developed a systematic evaluation process, based on effectiveness measures and productivity standards, to compare planned with actual program results.

Measuring and evaluating results is the final function that closes the loop in the system of planning, budgeting, and operations. It gives management the feedback needed to measure its performance and identify

objectives achieved and those proven unattainable. Without the discipline imposed by such a process, planning can become a meaningless exercise. In our March 1987 report, we stated that such analysis is important to effective strategic planning. In our report "Managing the Cost of Government"¹ prepared for use by all government agencies, we described the interdependencies of the processes for planning, budgeting, budget execution, and evaluation. However, according to an OSP official, SSA has not developed such a formal evaluation process, although some in SSA believe that CAROTS serves this purpose. CAROTS is used to track and monitor progress to ensure commitments are met and problems in timeliness are resolved. It does not, however, evaluate the results of activities against intended effects and cannot be used to provide feedback to management on whether and how plans might need to be changed.

Furthermore, in the strategic planning process, there are no measures to compare actual performance to what was planned. Therefore, SSA is missing critical benchmarks for evaluating the impact of its programs and policies and for assessing the performance of its managers. To establish and maintain an effective system of oversight and evaluation, standards of performance must be stated clearly and progress measured against them. These standards should correspond with the goals, objectives, and priorities specified in the agency's long- and short-range plans and specify quantifiable levels of achievement. They should be used to determine operational effectiveness and establish accountability for results. SSA has either planned or in process projects to develop measures of program effectiveness and performance or productivity standards. These measures could be used as benchmarks in an evaluation process, but SSA estimates they will take years to complete.

Recommendation

We recommend that the commissioner develop a process to systematically compare planned with actual program results at the end of each planning and budget cycle and use these evaluations in formulating the next year's plans and budget.

In commenting on a draft of this report, SSA disagreed with our recommendation because it believes that CAROTS serves the same purpose as the system we suggested. We do not believe that CAROTS does serve this

¹Managing the Cost of Government - Building an Effective Financial Management Structure (GAO AFMD-85-35, Feb. 1985), Vols. I and II.

purpose, because it is designed to provide direction to managers by laying out specific tasks to be performed in order to accomplish the commissioner's overall objectives. It also holds managers accountable for performing those tasks within agreed-upon time frames. However, the process that we believe is needed is one that evaluates whether those tasks have had their intended effect as measured against certain performance expectations or criteria. It would hold managers accountable for accomplishing planned results of the activities. CAROTS does not go this far, and SSA currently has no standards for performance for many of its initiatives. While CAROTS is extremely valuable for determining what actions or initiatives will be budgeted for in a given year, a formal evaluation system could provide needed information at the conclusion of a budget cycle about the success of initiatives and point up where changes need to be made in planning new or continued initiatives in the next budget cycle.

Progress in Improving Budget Process

In our prior report, we stated that SSA's budget process operated without a clear sense of agency goals and objectives because SSA lacked a central planning process and management did not always cite the policies to be pursued during the budget period. Timetables for providing the budget office with information on proposed changes in operations were not set, and managers were not held accountable for submitting quality or timely budget requests.

We recommended that SSA develop a budget that (1) is driven by agency plans and the commissioner's goals, objectives, and priorities and (2) reflects operational policy, legislative, and regulatory changes. We said SSA should develop a schedule that allows enough time to obtain key decisions from SSA's executive staff so that the budget request effectively presents SSA's needs as seen by its executives rather than its budget staff. Finally, we recommended that SSA hold managers accountable for adhering to budget policy and requirements.

SSA has made significant progress in designing a more structured and disciplined budget process that is based on SSA's agency-wide plans and the commissioner's goals, objectives, and priorities. Also, SSA has begun to hold managers accountable, through CAROTS, for submitting key budget documents on time. Because SSA's budget development and planning processes have not yet been fully synchronized, some weaknesses still exist. SSA has outlined procedures for such synchronization, but it is too early to predict their success.

SSA's Actions to Improve the Budget Process

SSA has revised its budget instructions and increased managers' accountability for adhering to the budget process. Its actions make the budget process more structured and disciplined. The relationship between planning and budgeting has been improved, top management direction and leadership in budget matters has been enhanced, and budget submissions and decisions are more timely.

In November 1987, SSA incorporated the strategic plan into the budget formulation process and provided guidance on the policies, goals, and objectives on which components were to base their fiscal year 1990 budget requests. SSA also provided a schedule of the information required and when due.

SSA components had not completed their tactical and operational plans when they began developing their fiscal year 1990 budget requests. Thus, in February 1988 the commissioner outlined interim procedures for these requests. She specified that, absent specific goals described in component tactical and operational plans, components should base their budget requests for fiscal year 1990 on the broader goals of the agency-wide strategic plan and the commissioner's November 1987 guidance. In the future, SSA's planning and budgeting activities would be fully integrated, the commissioner emphasized, and all future component budget requests would be based on updated component tactical and operational plans.

To hold managers accountable for submitting most key budget documents when due, CAROTS was revised in March 1988. Also, the deputy commissioner for management provided a midyear status report to the commissioner and SSA's Performance Review Board, informing them of whether the components had met the time frames outlined in the commissioner's memos for their use in evaluating SSA executives' performance.

Some Problems Remain

A few problems remain, however, primarily because SSA's planning process has not yet been implemented fully. For example, the deputy commissioners did not meet the commissioner's deadline for identifying and obtaining commissioner approval of key changes in operations by January 1, 1988. Budget officials stated, however, that the deputy commissioners were developing this information earlier in the budget process than they had in previous years. Also, the quality of component budget submissions was not improved over the prior year. The Office of Budget still had to do as much additional analyses of components' budget

requests, particularly their proposals for changes in operations, as in the past. Budget officials expect improvement when components can base their submissions on their tactical and operational plans.

In commenting on a draft of this report, SSA indicated that the policy and planning framework used in developing the 1990 budget submission now has become part of its standard budget procedures. However, because the agency-wide planning process was not complete when the fiscal year 1991 budget was being developed, SSA's planning and budget processes are not yet fully synchronized.

Management Emphasizes More Timely Regulations

SSA has a history of issuing regulations after the effective dates required by laws. Difficulties stem from the complexity of the regulation development process and the issues involved and short effective dates in law—factors over which SSA has limited control—and the internal SSA clearance process. Past efforts to improve its control over regulations and to streamline the process were unsuccessful primarily because components were not following the new process.

To improve the rulemaking process, we recommended in March 1987 that SSA hold managers accountable, through SES contracts, for complying with the rulemaking process. We also recommended that SSA periodically evaluate whether the process is reducing the time it takes to finalize regulations.

Since our report, SSA has acted to streamline the rulemaking process, expedite regulations processing in emergency situations, focus attention on the more important regulations, establish accountability for adhering to the requirements of the regulations process, and provide the management information needed to track and monitor the progress of regulations development.

Automated Tracking, Monitoring Implemented

Early in 1987, the commissioner made regulation improvement a priority agency initiative. According to SSA, an automated system for tracking and monitoring the development of regulations was implemented on June 1, 1987. The system, which captures information about the processing of each regulation, will be used to assess SSA's progress in reducing the time taken to finalize regulations. Data are being collected on how often a regulation goes through the review and clearance process, the type of responses to it, the length of review, and how long it

remains at each step in the process. This data also will be arrayed by SSA component.

In response to our suggestion, SSA will expand the system's database to capture average times that regulations were pending in SSA, HHS, and the Office of Management and Budget, by program, for both notices of proposed rulemaking and final regulations. This information should help SSA determine whether regulations for specific programs, such as disability insurance, are more problematic and permit better targeting of remedial actions.

Procedures Improved

In August 1987, procedures for developing regulations and the roles and responsibilities of the major components involved were outlined in a pamphlet on SSA's regulations policy.

In September 1987, the deputy commissioner for policy and external affairs reemphasized the need to adhere to SSA's procedures and processes for developing regulations and further streamlined the clearance process by reducing the number of component reviews. Procedures were established to help expedite regulations in emergency situations.

In March 1988, the deputy commissioner began identifying the highest priority regulations. For each, work plans are prepared that set forth specific processing steps and milestone completion dates. Bimonthly status reports that show progress against schedules are provided to the commissioner and the deputy commissioners. Components receive biweekly reports to track and monitor the rulemaking process so they can take corrective action to expedite the processing of a regulation when it has been delayed.

Accountability for adhering to the rulemaking process has been established through CAROTS and will become a part of SES performance plans in fiscal year 1989.

Although SSA has acted to reduce the time it takes to issue regulations, the corrective actions were not completed until March 1988. There is, therefore, insufficient information to assess the extent of any improvement.

In commenting on a draft of this report, SSA concurred with our findings and said it believes that the corrective actions have now resulted in improvements in both the timeliness and the quality of the regulations.

Operating Instructions Improved, but More Needs to Be Done

The Program Operations Manual System (POMS) is the policy guide used by field employees to determine program eligibility and benefit payment amounts. Our March 1987 report cited numerous problems that affected its usefulness. It was too large, unclear, and often incomplete, and changes were too frequent and voluminous. There had been many efforts to improve POMS since 1975, but they had been either curtailed or foundered. While many factors contributed to the problems, lack of sustained top management attention and absence of a central focal point for managing the POMS process seemed key.

To correct these problems, we recommended that SSA identify the underlying causes, develop plans for correcting them, and through SES contracts and merit pay plans, hold managers accountable for implementing corrective actions. We also recommended that SSA periodically survey operating personnel to determine the extent to which improvements in POMS have been effective.

In response, SSA established a focal point for POMS improvements and developed a plan setting forth short- and long-range initiatives to improve POMS. The initiatives that have been completed should help present information in POMS in a more clear, concise, and comprehensive manner; better organize POMS; increase its usability; and improve the management of the instruction issuance process. While SSA's employees generally see progress in correcting some POMS problems, many believe SSA has not reached a consensus on the basic cause of the problems and the kind of instruction system needed. Once these issues are addressed, many employees believe, automation of POMS is the next critical step.

Actions Taken to Improve POMS

Since our March 1987 report, the commissioner has made the improvement of POMS a priority. She established a focal point—an Office of Directives Management—within the Office of Policy to manage and improve the instructions system. This office developed a strategy and plan to improve the usefulness and delivery of instructions for the current document-oriented system and to streamline and eventually automate the system. The plan's objectives for improving instructions are to (1) limit their number and improve their quality, (2) reduce the time to prepare and deliver them, and (3) improve controls over their issuance.

To improve POMS, SSA has

- published a comprehensive POMS index, which will be updated annually.

- developed writing standards for the format and content of instructions to be used in writing new and rewriting all current instructions, and
- established controls to reduce the number and frequency of transmittals.

Other actions being taken should ultimately improve POMS. The Office of Directives Management periodically will obtain feedback from users on the effectiveness of improvements. According to the office's acting director, accountability for improving POMS is part of his merit pay plan. He reviews proposed instructions to hold the authorizing components accountable for adhering to agreed-upon actions. CAROTS is to be updated quarterly to track progress in solving POMS problems.

The office considered, but did not develop, a postissuance review process to help assure that standards for preparing POMS are being followed and applied uniformly and to identify areas for improvement. Such a process could provide useful feedback on compliance and help identify emerging problems.

POMS Improved but Problems Remain

SSA managers and employees we interviewed believed that SSA has made progress in reducing the frequency and volume of POMS changes. But much of this improvement resulted from a moratorium on POMS issuances. Many managers and employees thought it was too early to judge SSA's progress in reducing the number of instructions that are unclear, inconsistent, or late, and the number of and need for field supplements. About 46 percent of employees said they saw improvement.

However, about 80 percent of the managers and employees believe that recent efforts have not identified the cause of POMS problems. The majority of managers and 41 percent of employees believe other more important issues are not being addressed, such as whether POMS is the appropriate medium for conveying operating instructions and its level of detail. Automation is viewed as the critical improvement needed.

Automated POMS Initiative

The Office of Directives Management has initiated a pilot project to determine if storing POMS on machine-readable media to display to users on their personal computers would be a cost-beneficial alternative to the current paper system.

Automating POMS should significantly reduce publication costs, improve POMS accessibility and operational efficiency, and shorten the time from

initial draft to receipt of the final instruction by the field office. Further, an automated POMS should better assure that program policy will be applied in a timely and consistent fashion throughout SSA's field offices.

Before automating POMS, SSA needs to ensure that the information it contains is presented in a clear and comprehensive manner. SSA needs to assure that underlying problems are addressed, including whether the current format and structure is appropriate for conveying operating policy and what level of detail should be presented. If these issues are not resolved before automation, many of the problems of the current system will continue with an automated system.

In commenting on a draft of this report, SSA indicated that the standards for use in writing POMS currently are being revised and that it expects the quality of instructions will improve this fiscal year.

Improving Management Control Over ADP Modernization and Operations

Our management review disclosed problems that hindered SSA's ability to modernize its computer systems, manage and control operations, and measure and improve performance. Responding to our findings, SSA has acted to improve ADP management, develop more useful management information, increase the focus on productivity, and improve the quality of notices to the public. However, more needs to be done.

Moderate Improvements Made in ADP Management

In March 1987, we reported that SSA had made limited progress in modernizing its computer system and lacked (1) an operational plan to guide the direction of the modernization effort, (2) sufficient technical leadership and skilled ADP personnel, (3) an adequate ADP decision-making process, (4) comprehensive software standards to guide systems development, and (5) adequate project tracking and integration of projects. We made eight recommendations to address these deficiencies.

Over the past 18 months, the commissioner has made numerous changes to enhance ADP management, as follows:

- An agency-wide, long-range strategic plan has been completed that should ultimately provide the framework for a long-range ADP strategy;
- An individual with a technical background has been appointed to oversee system modernization efforts;
- Responsibility for system functions has been relocated from a deputy commissioner for systems to the deputy commissioner for operations to increase systems' responsiveness to operational needs;
- The skill levels of current ADP personnel have been inventoried;
- A focal point has been established to resolve SSA's data administration problems;
- An ADP decision-making process has been formalized;
- An office independent of OSS has been created to review proposed ADP procurements;
- A software development manual, which includes guidance on all phases of system development, has been produced; and
- SSA has asked its integration contractor to analyze deficiencies in the agency's project tracking and integration activities.

These actions have addressed to some degree the problems discussed in our March 1987 report, such as improving the process by which evolving integration issues are communicated to system's management; but more needs to be done. SSA's progress in addressing our 1987 recommendations on ADP management is discussed below.

Systems Modernization Strategy Does Not Reflect Agency's Long-Range Plan

SSA's long-range strategic plan provides, for the first time, an overall blueprint of future operations. It proposes to improve service to the public and program administration through increased use of computer technology. We recommended in March 1987 that SSA develop an agency-wide, long-range plan and revise its systems modernization strategy to be consistent with it.

This has not been done, because the agency-wide strategic planning process has not progressed sufficiently to provide guidance specific enough to develop a systems strategic plan. The long-range plan recognizes that, to determine the most cost-effective ADP process, studies are needed to determine what functions the agency wants to perform, with what resources, in what manner, and with what level of accuracy. These decisions will affect directly the type of ADP hardware needed, the design of the software, the organization of the databases and file structure, and the type of communication system needed to support data transmission. SSA says to perform such studies properly will require several years.

When completed, the systems strategic plan will be the replacement for the now defunct Systems Modernization Plan (SMP), and all future system planning will be an integral part of the agency strategic planning process. However, until the systems strategic plan is completed, SSA lacks assurance that all automation projects started before that time will support the long-range plan's overall objectives and are the most efficient and economical. Implementation and tactical plans have been prepared for each of 17 projects in the long-range plan to improve public service that can be undertaken in the short term. These projects may have to be modified later depending on the requirements of the completed systems strategic plan.¹

In commenting on a draft of this report, SSA stated that the long-range plan has been used to guide systems planning for the early projects in the long-range plan. However, until SSA completes those projects it considers essential to determining the final design for achieving future operational and service requirements, it will not be able to develop a corresponding strategic systems plan that will be consistent with the service delivery needs cited in the agency long-range plan.

¹Status of SSA's Modernization Efforts (GAO IMTEC-88-56, Sept. 29, 1988, p.8)

Leadership and Organizational Changes Made, but Further Improvements Needed

We recommended in March 1987 that SSA appoint a qualified technical manager to direct and be accountable for systems modernization. SSA responded by abolishing the position of the deputy commissioner for systems, which had overall responsibility for systems modernization, and made organizational changes designed to bring systems closer to program operations. The organizational changes have had some short-term benefits but, absent information resources management leadership, SSA risks diffused accountability and may miss integration opportunities. SSA appointed an individual with an extensive ADP background as acting associate deputy commissioner for systems support under the deputy commissioner for operations, but has not appointed a qualified, full-time, information resources manager.

The Office of Systems Support, which is responsible for developing and integrating computer operational systems, was placed under the deputy commissioner for operations to give more emphasis to user needs. The Office of Systems Operations, which operates SSA's computer and telecommunications systems, was moved from the Office of Systems Support to the Office of Central Processing to better correlate its work and priorities with the components it serves. Finally, the Office of Information Systems, which develops and directs SSA's administrative, management, and statistical information systems, was transferred from the old Office of Systems to the deputy commissioner for management to better integrate the management information and analysis functions.

It is too early to assess the full impact of these changes. Many headquarters and field staff told us that systems organizations are now more responsive to field operational needs. But we believe the changes also have dispersed overall responsibility and accountability for information systems activities (see pp. 44 and 45). Because no entity below the commissioner/executive officer level is accountable for agency-wide planning for and integration of information system functions, planning is done only for individual functions. For example, different components are making technical assumptions about centralized versus distributed data processing that shape how the agency will conduct its business in the future. SSA's integration contractor has observed that plans developed by different components for completing systems modernization projects are not being coordinated. We found that OSS, the chief financial officer, and the deputy commissioner for management are separately designing automated systems to facilitate operations, financial management, and management information, respectively. These involve hardware and software configurations and purchases that ultimately should be related.

SSA needs to focus on information resources management to better manage and plan for its information systems and processes,² and to provide central oversight of the ADP and telecommunications activities of components. In its response to the Department's request for IRM plans in March 1988, the Office of Strategic Planning acknowledged the IRM difficulties posed by the current organization and proposed creating a coordinating committee that would include representatives from components that perform such tasks. SSA's appointed IRM official (who is also the head of the Office of Strategic Planning and the agency's senior advisor for manpower resources) would chair the committee and serve as SSA's focal point for IRM coordination.

But rather than a committee, SSA should designate a full-time, qualified IRM official who reports directly to the commissioner. In this way, it can provide necessary leadership and direction to protect its growing investment in the information resources essential to the successful accomplishment of its mission. Committees are less effective than single administrators; they diffuse leadership and accountability. While the task of identifying the most appropriate roles and responsibilities for this official is ultimately SSA's, at a minimum they should include developing the IRM policies and plans for the agency and assuring adherence to them. This should improve SSA's planning, control, direction, and accountability for information systems activities. Such an assignment also offers the potential for (1) a single source of information for new leadership on how best to modernize SSA's ADP operations and (2) the continuity to mitigate the effects of changes in leadership that disrupted prior efforts to correct SSA's ADP problems.

ADP Decision-Making Process Improved

SSA has taken several actions to respond to our 1987 recommendation that ADP decisions be based on adequate analyses and justification.

A new procedure established a classification system for approving each ADP project based on its overall impact on the agency. Decisions must be documented and information developed to evaluate each project's priority, costs, benefits, and relationship to other initiatives. However, SSA's integration contractor concluded in 1988 that in some cases documentation is not always produced.

²The Paperwork Reduction Act of 1980 mandates that each agency appoint a single official with authority and responsibility for ensuring effective and efficient IRM.

A Systems Review Board, independent of OSS, has been established to independently (1) review major proposed procurements and (2) assess the need for and clarity of the requirements and the cost and efficiency of the approach. This board increases the opportunity for SSA management to receive independent and objective assessments of ADP decisions.

Finally, as we recommended, the commissioner has increased the use of external consultants. Contractors have assessed SSA's project control and integration practices and approach to database activities, and evaluated the agency's capacity management practices. In addition, contractors will review and evaluate modernization plans and provide technical advice on completing systems modernization and implementing the agency strategic plan. It is too early to tell whether SSA will effectively implement the recommendations of these contractors.

New Software Standards Issued, but Continuing Improvements Needed

In March 1987, we recommended that SSA accelerate the completion of software development standards and implement enforcement mechanisms. In response, the agency issued a manual with standards, procedures, and guidelines addressing the eight steps involved in developing new software. SSA also trained its software project managers on adherence to the standards. SSA believes that the current version of its standards are complete and address its critical needs. However, continuing improvement in their content and enforcement will be necessary.

SSA's integration contractor noted that the new standards neither require identification of external software and data relationships when software is being developed nor clarify how costs are to be estimated. Although the standards require the completion of certain forms certifying that required procedures have been followed, the contractor said the requirement "did not appear to be applied with any degree of rigor." We have reported on SSA's problems in developing software standards since 1985.³

In commenting on the report draft, SSA indicated that it is taking action to ensure compliance with required procedures.

³Social Security Administration's Computer Systems Modernization Effort May Not Achieve Planned Objectives (GAO IMTEC-85-16, Sept. 30, 1985); SSA Encountering Significant Delays in Its Claims Modernization Project (GAO IMTEC-87-8, Dec. 22, 1986); and SSA's Modernization Efforts Need Redirection (GAO IMTEC-87-16, Apr. 10, 1987).

Not following standards often results in increased errors, wasted time to correct them, excessive labor costs, and an inability to change the software later to implement changes in law. In 1986 SSA assigned a group to, among other duties, monitor software development and maintenance to ensure that standards were understood and followed. As of September 1988, the group had not completed any compliance assessments. We were told, however, that four reviews were underway (one being performed by a contractor), with final reports due in late 1988. In commenting on a draft of this report, SSA informed us that it has completed five assessments, including the four mentioned by GAO, with three others underway.

Data Administration Problems Continue

We recommended that SSA intensify its efforts to improve its databases and establish a focal point for overseeing and integrating database activities. In May 1988, a data administrator was appointed in OSS to develop the agency's data administration policies and procedures and ensure component compliance.

The challenges confronting SSA's data administrator are significant. Improvements in data administration are essential for developing the software for the computer systems supporting both the programmatic and management information processes and for integrating SSA's databases. SSA's databases do not contain common or consistent data elements, and standard definitions do not exist for many. These are the same problems GAO reported in March and April 1987.⁴ A contractor stated that it will require a number of years to identify and define the universe of data requirements and the relationship between data entities. A data model (which describes and catalogs SSA's functions and data and their interrelationships) has not yet been developed. The contractor concluded that the absence of a data model in time will delay completion of database integration.

Several contractors have recommended actions to improve SSA's data administration, but little has been done. In commenting on a draft of this report, SSA informed us that it has numerous activities underway to address this area. These efforts include several projects to develop data naming and defining standards and using enforcement mechanisms for implementation of those standards, and develop a detailed plan to direct

⁴Stable Leadership and Better Management Needed to Improve Effectiveness (GAO/HRD-87-39, Mar. 18, 1987) and SSA's Modernization Efforts Need Redirection (GAO/IMTEC-87-16, Apr. 10, 1987).

data modeling and data analysis activities. SSA indicated that the first and major phase of the data model for old age benefits and Medicare have been completed. Over 5,000 data elements and their interrelationships for the data model have been analyzed and documented, according to SSA.

Although efforts are underway to develop the agency's data models, as we noted previously it will take several years to identify and define all of SSA's data requirements. A data model that contains an accurate and complete definition of SSA's data and how it will be used is essential to the development of an information design to support SSA's database directions. Furthermore, the information design will help SSA address key system questions, such as the need for real time update, distribution of data, and plan for future service demands. Improving SSA's data problems will continue to require sustained effort and top management attention.

Project Control and Integration Activities Still Need Improvement

In March 1987, we recommended that SSA establish effective project control and integration activities and use the integration contractor to help integrate projects and make the transition to the new computer system. While SSA has used an integration contractor to help identify specific deficiencies in its project control and integration activities, it has not completed action on the contractor's recommendations.

SSA's contractor found numerous problems that could hamper efforts to modernize computer operations. Some of these are similar to those reported by GAO since 1985.⁵ According to the contractor, whose work was performed in late 1987, roles and responsibilities of software project managers are not documented, and the scope, roles, and responsibilities of information systems functions are not defined. There are no mechanisms to ensure that integration is properly addressed in projects' early stages or that projects are completed on time, stay within budget, and deliver promised benefits. Fragmentation of systems responsibilities makes it difficult to coordinate systems activities, and top-level managers generally fail to communicate about evolving integration issues. The contractor found that schedules and milestones are arbitrarily set, and there is no formal process to ensure timely resolution of integration issues. Projects are sometimes canceled rather than reported as late, and

⁵Social Security Administration's Computer Systems Modernization Effort May Not Achieve Planned Objectives (GAO IMTEC-85-16, Sept. 30, 1985) and SSA's Modernization Efforts Need Redirection (GAO IMTEC-87-16, Apr. 10, 1987).

managers responsible for projects are not always accountable for results and frequently do not control the resources assigned to the projects.

An SSA official told us that the agency intends to implement the contractor's recommendations over time, addressing the most serious problems first. To date, SSA has established a process to raise integration issues to top management, is acquiring software to help managers better track software projects, and has created a work group to review options for developing a computer-based system to track critical interdependencies between software projects. Although these actions should help to improve the process, SSA has no formal plan for how and when to implement the other contractor recommendations.

Without effective integration planning, there is increased risk of project delays and no assurance that the projects in the long-range plan will improve public service or will accomplish their objectives effectively and efficiently. In March 1988, SSA's integration contractor stated that weaknesses in SSA's information systems planning processes contributed substantially to major schedule slippages and cost increases for SMP activities. We found¹ that SSA's lack of proper integration plans resulted in SSA developing a new national debt management system that could not be used because the agency had not developed plans on how to integrate this system with SSA's existing software system or the redesigned system. The Office of Strategic Planning is so concerned about the effects of problems in integration planning that it contracted with the National Academy of Sciences to obtain an independent assessment and recommendations for improving integration management. The Academy intends to report its findings to SSA over the next 2 years, with a final report in August 1990.

In commenting on a draft of this report, SSA informed us that it has a number of efforts underway to improve project control and integration. These efforts include establishing a configuration control board, the use of a project management tool for scheduling and controlling resources, and a detailed schedule for every major project. The techniques that SSA cited in its comments represent necessary supporting components of an effective project management system. Its contractor indicated in March 1988, however, that it will require several years of effort before SSA can implement an integrated planning and control process.

¹SSA's Modernization Efforts Need Redirection (GAO/IMTEC-87-16, Apr. 10, 1987).

Strategic Plan for Systems Needs to Be Completed

In response to recommendations in our March 1987 report, SSA has developed a methodology for determining how the new computer system and processes will be implemented, including (1) how systems components will be integrated, (2) how SSA will make the transition from the existing system to the new system governed by the agency strategic plan, and (3) when major redesigned system components will be operational. SSA's approach, however, is not tied to a systems strategic plan, which must be developed and which should drive the systems redesign and transition.

In January 1988, SSA prepared a system baseline document showing how current ADP processes would change over the next 2 years. This document also provides a basis for deciding how to make the transition from current SMP projects to the new system under the long-range strategic plan.

As to how the systems components will be integrated and how SSA will make the transition to the new system, SSA believes the answers will be provided by the system baseline document and the component and agency-wide tactical and operational plans. (See p. 21 for a description of SSA's planning process.)

We do not agree. SSA needs a "top-down" rather than "bottom-up" approach. The various component tactical and operational plans are being developed in isolation from a systems strategic plan, which will answer what needs to be done in the future and set the technical requirements necessary to support the agency's future service delivery arrangements. The systems strategic plan is needed to identify how projects in the tactical and operational plans will have to be modified to accommodate, and be integrated with, the final design processes.

A strategy then can be developed for SSA's transition from the existing system to the new one. This strategy should identify and describe the various projects, activities, and relationships among them for moving from the current to the new system. The strategy should provide the type of detail and direction needed to modify the existing system design and the 17 early projects.

In commenting on a draft of this report, SSA stated that its actions to develop a methodology for how the new computer system will be implemented are complete. However, we continue to believe that SSA's approach is not tied to a systems strategic plan, which must be developed and should drive systems redesign and transition. SSA is just now

studying what functions the agency wants to perform, with what resources, and with what levels of timeliness and accuracy. It considers this information essential for determining the most cost-effective ADP design to meet future operational requirements. Only after the technical requirements to support the agency's future service delivery arrangements are developed will SSA be able to develop a systems strategic plan. Using this plan in conjunction with the system baseline document, SSA will then be able to decide how to make the transition from the existing computer system to the new one. This area needs additional management action.

Recommendation

To ensure that the many information systems issues still needing attention are adequately addressed, we recommend that the commissioner designate a senior official with full-time responsibility and accountability for information resources management reporting directly to the commissioner.

In commenting on a draft of this report, SSA disagreed with our recommendation to designate a senior official solely responsible for information resources management at this time. SSA agreed that an IRM focus and planning mechanism are essential and said it plans to review its information management process and will assess whether the function and responsibility are properly placed. We continue to believe that SSA should designate a full-time senior IRM official with clearly defined IRM roles and responsibilities to provide leadership over SSA's growing investment in information resources. A part-time official with numerous duties unrelated to IRM cannot provide the level of attention and leadership needed to ensure that SSA manages its information resources efficiently and economically.

Management Information Deficiencies Addressed but Not Resolved

Our March 1987 report said that SSA lacked efficiently produced, sufficient, and reliable programmatic and operational management information due to insufficient performance standards, inadequate automation, and the lack of top management attention. We recommended that SSA (1) develop a comprehensive management information policy, (2) establish performance standards and measures based on the goals in the long-range plan, (3) develop future management information requirements based on the modernized computer system, and (4) establish an SSA-wide focal point for performance reviews and evaluations.

SSA since has developed a comprehensive management information policy and a management information long-range plan for identifying and generating needed management information. However, SSA has made little progress in (1) developing the performance standards and measures essential for determining what management information should be collected to assess progress toward attaining goals and (2) establishing a focal point for coordinating performance reviews and evaluations.

Management Information
Policy Developed, but
Much Remains to Be Done

In July 1987, the commissioner transferred the Office of Information Systems (OIS) from the Office of Systems to the Office of the Deputy Commissioner for Management to better integrate SSA's management information and analysis functions. OIS since has developed a comprehensive management information policy based on the goals and objectives in the agency's strategic long-range plan. Additionally, OIS developed a management information long-range plan, which specifies the strategies and steps required to achieve the management information goals.

The OIS policy and plan are intended to collect as much of SSA's management information as possible as a by-product of automating programmatic and operational data. Such information includes that needed to control work, monitor the timeliness and quality of the work, plan for the future, and assure objectives are met.

OIS also plans to install by 1991 a national network of computer terminals and mainframes to make management information readily available to all managers through computerized workstations. By 1994, it expects to link and integrate all programmatic, administrative, management, and office systems at an estimated cost of \$251 million.

Development of the management information policy and plan provides the framework for (1) identifying SSA's management information needs and (2) generating, through automation, needed management information to manage and control operations. For OIS' initiatives to succeed, they must be sustained by top management and be closely coordinated with OSS under the deputy commissioner for operations. OSS is responsible for incorporating the management information requirements into the design of the agency's programmatic processes for claims and post-entitlement actions. In this way, management information can be generated as a by-product of those processes.

A top OIS official and two contractors reviewing systems activities expressed concern that OIS and OSS objectives are not being coordinated and integrated and could therefore hamper the development of management information. For example, SSA's administrative and accounting needs have not been integrated with automated operational data.

In addition, OIS objectives to distribute data storage and processing to the lowest levels in the organization conflict with OSS's objectives, which rely on centralized processing. Both approaches raise issues about the protection, physical storage, backup, and recovery of data; types of terminals used; capacity requirements for the host computers and telecommunications systems; and ultimately the data and software architectures to be developed. These issues need to be reconciled before deciding what information will be generated and how to avoid redundant and overlapping objectives, achieve greater operational efficiency, and minimize costs. We believe that these problems could be reduced by the appointment of an IRM official, as discussed on page 37.

In commenting on a draft of this report, SSA informed us of the actions it had taken since we completed our audit work to address its management information deficiencies. It has developed a methodology to assess the value of proposed or existing management information data. A management information board was convened to provide top-level oversight and management control over the agency's management information resources. An information systems design, which describes how all management information systems and associated data will be linked to an integrated database structure, has been drafted. It defines how office automation fits into SSA's overall strategy. Finally, SSA indicated that it has begun converting its existing information systems from obsolete hardware to new hardware. We believe that although these actions are a step in the right direction, resolving SSA's management information problems will require sustained action over a period of time.

Limited Action Taken to Develop Performance Standards and Measures

SSA has made little progress in developing performance standards and measures for all key activities. With the help of a contractor, SSA expects to develop, by 1990, quantitative performance standards for all major functions, operations, and transactions, including payment error rates, processing times, and clarity of notices. The standards and measures will be based on the goals and objectives in the long-range plan.

Performance standards and measures must be developed before certain management information requirements can be determined. They also

will affect the design of the new automated operational systems and the setting of service-level targets and related staffing needs. Delays in developing the needed standards and measures will also delay the establishment of a closed-loop planning, budgeting, and control system, as discussed on page 25.

Focal Point for Review and Evaluation Efforts Needed

SSA has no focal point for coordinating its review and evaluation efforts. As discussed in our March 1987 report, one is needed to better control components' review and evaluation activities, which sometimes are fragmented and duplicative. The focal point would determine whether (1) needed management information was obtained, (2) information gathered by the various review and evaluation groups was needed, (3) duplicate efforts were being undertaken, or (4) other components might have use for information collected.

Limited Progress in Improving Productivity and Work Standards

Our 1987 management report noted that because SSA lacked an institutionalized, systematic approach to productivity management, there were wide variations in productivity among and within similar organizations in SSA. We recommended that SSA establish specific expectations for efficiency in SES contracts and merit pay plans. We said SSA should require work measurement data and periodic cost reports for all SSA cost centers (such as regional, area, and district offices) to identify targets of opportunity for improved efficiency and cost effectiveness. We also said SSA should allocate staff resources to similar units (district/branch offices, PSCs, etc.) based on performance expectations, establish standards for the amount of time staff should take to complete work, and use those standards in developing SSA's operating staff budget.

Although SSA has increased its focus on productivity, much remains to be done. Regional commissioners' SES contracts now include quantitative goals for productivity improvement, but the merit pay plans for other field managers do not. Methods to allocate staff to regional offices have been revised to improve productivity, but similar revisions have not been required for allocating staff to area offices and district offices. Finally, SSA has made minimal progress in (1) developing standards for the amount of time it should take to complete its work and (2) requiring managers to use work measurement data and periodic cost reports to identify opportunities for productivity improvement.

Actions to Improve Focus on Productivity

While SSA has established quantitative goals for holding some managers accountable for improving productivity, its actions fall short of our recommendation. CAROTS and regional commissioners' SES plans for fiscal year 1988 contain quantitative goals for productivity improvement, but PSC directors' SES contracts and most field and PSC managers' merit pay plans do not. Instead, these managers were given only general requirements to improve productivity or to improve productivity by a specific amount for only a specific workload. Such an approach is inadequate for gauging overall performance and holding managers accountable for measurable improvements.

Plans to Identify Opportunities to Improve Productivity and Cost-Effectiveness

SSA has made minimal progress in getting managers to use work measurement data and periodic cost reports to identify opportunities for improving productivity and cost-effectiveness. In March 1988, SSA announced that it planned to develop a system to give managers in major operating components semiannual analyses of their productivity and cost performance and require reports on actions taken or planned to improve performance.

Initially, the system gave regional commissioners and area directors productivity data on regional office performance only. In fiscal year 1989 the system will also provide automated cost data and more complete and detailed productivity data to the area and district office levels. Eventually it will produce similar data for other components, such as PSCs.

Although the proposed system should enhance SSA's ability to provide timely productivity and cost data to managers, the managers could continue to attribute poor productivity to demographic situations characterized by SSA as being outside managerial control. SSA has never fully analyzed the effect of such factors on productivity, and our past work⁷ has shown that demographics have been overstated as a cause for variances in performance among similar organizations. SSA plans to examine the effects of some demographic factors on field offices' productivity at a limited number of offices. We believe SSA should expand this effort to provide a reliable statistical analysis of the effects of demographic factors on performance.

⁷Improving Operating and Staffing Practices Can Increase Productivity and Reduce Costs in SSA's Atlanta Region (GAO GGD-85-85, Sept. 11, 1985)

Changes to Staffing Allocation Methods

SSA has made some progress in allocating staff resources based on performance expectations. It allocated staff to regional offices in a manner that seeks to close the gap between the most and least productive regional offices, but it has not done so down to the area and district offices. It developed criteria for allocating staff to PSCs and OHA hearing offices based on expectations of the amount of work to be processed and set specific productivity improvement goals for hearings offices but not for PSCs.

SSA allocated staff to the regions to increase overall field office productivity by 4.1 percent in fiscal year 1987 and by a cumulative 11.4 percent through fiscal year 1988. Individual productivity goals were established for each region. According to SSA's statistics, productivity for regional offices improved by an estimated 7.5 percent in fiscal year 1987.

While these improvements are significant, we believe that more substantial improvements could be made if regions were required to allocate staff to areas and field offices based on performance expectations. But SSA prefers to allow local management as much flexibility in making staffing allocation decisions as possible; as a result, staffing imbalances among field offices continue.

OHA has developed new workload-based criteria for allocating staff to its local hearing offices and has set quantitative goals to improve the productivity of its workloads. However, the PSCs have not. SSA froze 1988 PSC staffing at 1987 levels, and decided that no redistribution of allocations was necessary, because variances in performance among the PSCs were deemed insignificant. We continue to believe that staffing allocations to the PSCs should be based on overall productivity expectations regardless of productivity variations. PSCs should use an expectations-based mechanism to identify needed staffing adjustments when workloads change.

SSA Has Not Established Work Standards

Only recently has SSA begun to determine how engineered time standards could be designed and implemented in the future. In two previous reports,⁷ we stated that SSA needed standards to (1) determine the

⁷Need to Improve Unit Times for Estimating Field Office Staff Budgets (GAO/GGD-86-90, Aug. 6, 1986) and Stable Leadership and Better Management Needed to Improve Effectiveness (GAO/HRD-87-39, Mar. 18, 1987).

appropriate level of staff needed to do its work; (2) improve management of workloads to increase efficiency of operations; and (3) manage staff size, location, and mix throughout the agency. Although in the past SSA has been reluctant to address this issue, recent events have led management to reconsider.

SSA's top management has acknowledged the budgetary and resource allocation benefits to be derived from standards, recognizing that a standard for the amount of time it should take to complete work is much sounder than its current standard based on how much time it does take to complete work. In November 1987, SSA began conducting a pilot study to test the development and imposition of engineered time standards for one workload at two field offices.

In April 1988, we expressed concerns to SSA about the usefulness of this pilot project because it (1) was too limited in scope, (2) failed to show how alleged regional differences would be dealt with, (3) was not cost-effective or practical to implement on a wider basis due to the expensive methodology selected, and (4) did not test any alternative methodologies for developing standards. SSA officials responded that no decision on the feasibility of implementing standards would be based on this pilot project. The study represents a small step toward developing standards, they said, and due to the many ongoing changes in operations resulting from systems modernization, it would be several years before standards could be imposed in SSA. According to the deputy commissioner for management, SSA may conduct a national industrial engineering study on standards that would cluster similar offices together. Such a study would seek to systematically determine both more efficient models for operations and a range of expectations for how long it should take to complete work in the various types of offices. The results also would aid in budgeting for operating staff needs. In August 1988, an SSA official stated that the agency has decided to get feedback from the current pilot study before deciding what action to take on standards.

As a preliminary step in developing standards, SSA should conduct the industrial engineering study suggested to us by the deputy commissioner for management. Using the cluster approach he laid out, SSA could begin to address the actual effects on staff needs of differences among SSA field office operating practices and workloads. Traditionally, these differences have been the source of SSA's argument to us against establishing national work standards, but our work has shown little evidence that these differences would have a significant effect on establishing

standards. In addition, as automation moves SSA toward more standardized operations, it will be easier to establish and revise standards as appropriate.

In commenting on a draft of this report, SSA informed us that it has begun to explore the feasibility of developing engineered unit times for workloads and that further developmental work in this area is underway.

Clarity and Accuracy of Notices Improved

In March 1987, we criticized SSA for sending inaccurate and unclear notices to the public on their benefits or eligibility. These notices caused confusion, concern, and uncertainty among beneficiaries, frequently resulting in their visiting field offices for clarification. We attributed the poor notices to problems in SSA's computer systems, employee errors, lack of adherence to established policy, inadequate review, and the complexity of the programs involved. We recommended that SSA expedite computer system improvements and hold employees and supervisory personnel more accountable for notice quality.

SSA has improved the clarity and accuracy of notices that it sends to the public regarding their benefits or eligibility, by (1) increasing the number of automated notices, (2) instituting quality reviews of manually produced and partially automated notices, and (3) improving the format of all notices and the language of about 75 percent of its notices.

Actions Taken to Improve Notices

SSA designated a project director and staff responsible for improving notices. They have developed a schedule for improving the format and language of notices and for implementing the improvements through software and/or incorporation into POMS. The overall goal is to automate as many notices as practical since this allows SSA to issue notices quicker and to standardize notice content. Priority is given to improving the notices that have the largest volume or the most problems.

In addition to changing the format of all notices, SSA has changed the language of about 75 percent. All the format changes and most of the language changes have been incorporated into notices currently sent to the public. Other notice improvements are awaiting either publication in POMS, automation, or court approval.

Notices' Quality Has Been Improved

Since we issued our report, SSA has

- improved the formats of more than 25 million notices relating to the Retirement, Survivors, and Disability Insurance (RSDI) and Supplemental Security Income (SSI) programs;
- automated and improved the language of about 40 percent of its previously manual SSI program overpayment notices;
- improved the format and language of award notices to retired beneficiaries (automation of these notices is scheduled for completion in April 1989);
- improved the language of about 90 percent of the worst automated RSDI postentitlement notices;
- supplied each field office with at least one personal computer and the software to automate several dozen frequently used manual notices;
- redesigned the forms beneficiaries use to update their estimate of earnings and to report their earnings;
- improved the application form for a Social Security number; and
- developed a new, easy-to-understand "Personal Earnings and Benefit Estimate Statement," which gives a worker his or her year-by-year earnings record, amount paid in social security taxes, estimates of RSDI benefits, and general information about the Social Security program.

In addition, SSA developed a training package for staff who write, review, or produce notices and hired a contractor to test the public's reaction to proposed changes in notice language and format. Also, field office and PSC supervisory personnel are required to review a 5-percent random sample of locally produced manual and partially automated notices for appearance, accuracy of content, clarity, tone, and typing accuracy. Most managers and employees whom we interviewed said that employees and supervisory personnel are being held more accountable for notice quality than in the past.

As part of our review, we compared samples of five types of notices that SSA had changed to earlier versions. In each case, the revised notices communicated their messages more clearly. Notice inconsistencies, which we observed during our prior review, have diminished.

Our interviews with SSA field employees indicate that 61 percent believe notices are clearer now, but only 34 percent said that they receive fewer questions and complaints from the public about notices than they did a year ago. Many employees commented that the quality of notices needs to be further improved.

Chapter 4
Improving Management Control Over ADP
Modernization and Operations

SSA estimates that it will take several years to complete the notice improvement project. Final language revisions need to be made to the other 25 percent of SSA's notices, and systems improvements must be completed before many revised notices can be automated.

Improving and Maintaining Work Force Quality and a Favorable Work Climate

SSA employees' commitment to providing good service to the public has been tested by substantial staff reductions; increased automation of work processes; and deterioration in federal employee salaries, benefits, and public support. During our 1987 management review, midlevel managers and employees expressed dissatisfaction with their promotion potential and job security and the extent of information from upper management on impending operational changes. Morale was low and job pressure high due to reduced staffing. Because many senior and midlevel managers would soon be eligible to retire, there was uncertainty about future leadership.

In response to employees' concerns, SSA increased award funds, redesigned career development programs, held meetings of the executive staff and midlevel managers nationwide, enhanced communication with employees, and disseminated information to aid in planning for replacing managers and supervisors who retire.

Employees told us that communication with management has improved and that award funds have been noticeably increased. However, concerns about continued staff reductions and their effect on work pressures and promotion potential remain high. Morale remains low. We believe SSA's efforts to improve planning to replace future retirees and management development programs have been well intentioned, but ineffective.

In essence, SSA has designed and started initiatives with good potential for improving its work force quality and climate, but these initiatives must continue for them to have their intended effects. In their meetings with SSA's top executives, midlevel managers made numerous recommendations for improving work force quality and climate. SSA's top executives now have the opportunity to follow up on these meetings with a continued demonstration of commitment and concern for managers and employees. SSA also needs to continue to strengthen its succession planning and management development activities. The momentum on these initiatives should not be allowed to wane. Continued improvements in these areas could pay off in high productivity and public service.

Employee- Management Communications Enhanced, but Some Employee Concerns Remain

In our March 1987 report, we identified factors that contributed to employees' and midlevel managers' perceptions that top management did not care about them. They cited inadequate communication about planned changes and about progress in implementing changes and resolving problems. Also, they felt that SSA did not consider the adverse effect on them of planned changes and had not addressed their concerns about diminished advancement opportunities.

Employees and midlevel managers also were concerned about the effects of staff reductions on SSA's operations and service to the public, stating that staff were overloaded with work and under pressure to get the work out and had low morale. They believed that the awards program lacked credibility because award funds distributed to employees were not based on a combination of each unit's overall performance and its per capita share of the total work force.

We recommended that SSA (1) improve communications with employees on major changes planned or underway, (2) assess what could be done to address concerns about diminished advancement opportunities, and (3) allocate to operational components a portion of award funds based on unit performance.

Since our 1987 report, SSA's efforts to improve communication with employees and to demonstrate concern for them have had some positive results, but these efforts need to continue. While more than half of the employees we interviewed now feel adequately informed about major changes in SSA, less than half are convinced that management considers the effect on employees when implementing new policies or significantly changing operations. Employees are still concerned about the effect of future staff reductions on the quality and timeliness of their units' operations, their ability to provide good public service, and their lack of advancement opportunities.

Actions to Improve Communication

SSA's efforts to improve communications with employees have had positive results, but employee concerns remain. The commissioner is tracking communications improvements through CAROTS. Requirements to improve both communications and employee awareness of management's goals have been incorporated into the SES contracts of the deputy commissioner for management and the regional commissioners.

The Office of Human Resources improved and increased the use of commissioner's bulletins and other media, such as the OASIS magazine, the

Management Newsletter, videos, and satellite hook-ups to better respond to employee information needs. Additionally, SSA is implementing an ongoing program to assess employee concerns through a series of questionnaires. The first was sent to all SSA supervisors (grades 14 and below) in August 1987. The results were shared with SSA's executive staff in February 1988 and discussed with managers and supervisors in a series of management forums that the commissioner and her top managers held throughout the country between April and June 1988. The management forums were designed to inform managers about recent management and operational changes and future agency directions, to solicit ideas on how to manage SSA more effectively, and to help maintain employee morale during this period of change. A task force prioritized and has partially responded to the more than 1,000 recommendations SSA received during these meetings. SSA published a progress report in September 1988 on actions taken in response to the high priority recommendations, and a final report on all recommendations was issued in January 1989.

SSA's effort to improve communication has been recognized by managers and employees. Most midlevel managers and employees we interviewed believed they were adequately informed about such major changes as staff reductions and systems modernization. Both groups felt better informed about (1) the progress made in implementing the changes, (2) the effects of the changes on them, and (3) SSA's actions to address their concerns about the changes.

While most midlevel managers told us that management adequately considers the effects on employees when implementing new policies (59 percent) or significantly changing operations (61 percent), less than half of SSA employees agreed. Employees frequently commented that while their immediate office manager or supervisor tries to consider employees' needs when making changes, management above the local level is too removed to fully realize or be concerned with the impact of changes on employees. Other employees cited the negative effect of continued staff cuts as an example of SSA's lack of concern for them.

Our interviews, together with SSA's questionnaire results and statements made in the management forums, indicate that concern about the effect of staff reductions on employees and SSA operations has not lessened since we issued our March 1987 report. Although the upper-level managers we interviewed stated that future staff reductions would not adversely affect quality, timeliness, or service to the public, almost two-thirds of the midlevel managers and more than three-fourths of the

employees disagreed. They were concerned that systems improvements would not be completed in time to offset the loss of staff. Some said that the increased pressure to get things done on time with fewer staff already was adversely affecting quality, timeliness, and service to the public. While the employees acknowledged that SSA's performance measures did not indicate a decline in service, they stated that the quality and timeliness of workloads that are not measured or for which no goal is established are most likely to decline.

Perhaps related to this is the fact that morale is still a problem. In our interviews, we asked upper- and midlevel managers and employees to compare the morale in their offices to what it was a year earlier. Then, most reported it as poor. The results we received are shown in table 5.1.

Table 5.1: SSA Staff Morale Compared With a Year Earlier

	Upper-level managers		Midlevel managers		Employees	
	No.	Percent	No.	Percent	No.	Percent
Better	9	29	23	32	24	23
Worse	6	19	22	31	45	43
No change	11	36	24	34	34	32
Don't know	5	16	2	3	2	2
Totals	31	100	71	100	105	100

A wide range of factors affected morale. Some factors, such as a change in local managers or employees in an office, apply only to local conditions. Others, such as a lack of advancement opportunities and the staff reductions, are of more widespread concern and must be addressed by SSA's upper-level management. Still others, such as low federal pay and job benefits, are government-wide and primarily outside SSA's control.

The results of SSA's August 1987 survey of supervisors in grades 14 and below are more negative than the responses to our interviews. Of the approximately 4,750 respondents, 42 percent rated their morale as poor or extremely poor. Fifty-four percent stated that morale among their employees was poor; 77 percent said that SSA is not a better place to work than it was a year ago; and only 11 percent believed that things will improve. Concern about employee morale was also a common theme in many of the recommendations resulting from SSA's management forums.

Although SSA has made progress in improving communications with its managers and employees, these efforts need to continue. A positive step

is top management's decision to hold the management forums and follow through by establishing a process to address the concerns raised at these meetings. Continued effort to keep staff informed of impending changes and to solicit and act on their ideas for improving operations could result in higher productivity. It is too early to tell, however, whether management's efforts to address these problems will convince SSA employees of top management's concern for them.

In commenting on this report, SSA said it planned to conduct a new survey of all SSA employees in 1989 and to conduct additional forums in 1989 and 1990.

Actions to Address Employee Concerns About Advancement Opportunities

Although SSA employees are still concerned about limited advancement opportunities, SSA's approach to dealing with these concerns is positive in light of the staff reductions. SSA has several actions either planned or underway that should result in benefits to employees. These include increased monetary rewards, more flexibility in changing jobs within the agency, and a greater employee knowledge of available career paths.

SSA has proposed implementing a 5-year demonstration project that would establish pay bands for GS-11 through GM-15 management and supervisory positions in the regional offices, area directors' offices, district and branch offices, and teleservice centers. SSA hopes to be able to implement this project, which requires Office of Personnel Management and congressional approval, by late fiscal year 1989. SSA hopes the proposal will improve morale and productivity among supervisors and managers. Under the pay banding concept, for example, an outstanding operations supervisor theoretically could be paid as much as an average branch or district manager, according to Office of Human Resources officials. SSA hopes that this will help solve the problem of attracting and retaining operations supervisors, which we noted in our management report.

In another proposal to the Office of Personnel Management, SSA would establish a single claims examining job series for all its claims processing positions. The new standard, if approved, would make it easier for claims processing employees to transfer between operating components. It could give employees more flexibility in their careers and more varied work experience.

While tripling the amount of awards funds available to its non-merit-pay employees in fiscal year 1988, SSA also revised its criteria for awarding

these funds to make employees rated as fully successful eligible to receive an award. Funds totaling \$24.3 million (equal to 1.5 percent of payroll) were distributed among the deputy commissioners on December 30, 1987. Thus, SSA was able to provide a monetary reward to more employees at a time when it cannot promote as many as it did in the past.

Furthermore, the commissioner allocated a portion of the award funds among the deputy commissioners according to her assessment of their organizations' contribution to SSA's ability to achieve its priorities. This partially implemented our recommendation that SSA allocate a portion of award funds to operational components based on unit performance. Each deputy commissioner received 1 percent of his non-merit-pay employees' salaries in award funds. Additional funds for awards were based on the components' effectiveness scores. The lowest scoring component received an amount equal to 1.33 percent of employees' salaries, while the highest scoring component received an amount equal to 1.51 percent.

The commissioner instructed the deputy commissioners to distribute these funds on the basis of one of three measures of performance. These were productivity statistics, a subjective evaluation of subcomponents' performance, or a ranking of subcomponents' effectiveness. But this did not always take place. The Field Liaison and Support Staff based its distribution of one-third of its award funds to the regional offices on their performance in such areas as productivity, timeliness, quality, and support of agency initiatives. It did not, however, require regional commissioners to base their allocations on area and district office performance. Only two of the five regions we surveyed (Atlanta and Dallas) included performance as a criteria in their distribution of award funds to area directors and district offices. The other three regions distributed their funds to area directors on a per capita basis, and the area directors were allowed to determine distribution to district offices.

According to an Office of Central Operations official, that office distributed awards funds to the PSCs solely on a per capita basis and did not require PSC directors to redistribute their funds based on unit performance.

We asked upper- and midlevel managers and employees in the field (the only groups for whom 1987 awards were based on performance) what effect basing the awards partially on performance had on employee/unit performance and morale. The results are shown in table 5.2.

Table 5.2: Effect of Award Procedure on Employee Performance and Morale

Effect	Upper-level managers		Midlevel managers		Employees	
	No.	Percent	No.	Percent	No.	Percent
On Performance:						
Improved	4	67	20	36	25	26
Worsened	0	0	1	2	9	9
Stayed the same	0	0	23	41	31	32
Do not know	2	33	12	21	33	34
Totals	6	100	56	100	98	101^a
On morale:						
Improved	3	50	25	45	25	26
Worsened	0	0	4	7	15	15
Stayed the same	1	17	17	30	27	28
Do not know	2	33	10	18	31	32
Totals	6	100	56	100	98	101^a

^aColumn does not total 100 due to rounding

Limited Progress in Improving Management Development

SSA needed formal programs to develop managers at all levels, we said in our management report, because its management ranks could be substantially affected by retirements in the next 5 years. SSA was not operating effective, formal, agency-wide programs for identifying and developing potential SES or midlevel managers, we found. Many of SSA's employees and managers perceived its commitment to development and training programs to be inadequate. Finally, SSA was experiencing problems in selecting and retaining supervisors, particularly in the field offices. To address these problems, we recommended that SSA

- determine what senior and midlevel manager positions would likely have to be filled over the next several years, the adequacy of the existing pool of candidates, and the specific recruitment and development changes needed to ensure that SSA will have enough qualified candidates to fill future vacancies;
- establish a formal program to identify and develop managers at all levels of the organization; and
- reassess (1) its selection practices for supervisors to minimize the selection of employees who lack the appropriate skills and abilities for the

job and (2) the structure of the operations supervisor position to determine how it could be made more rewarding and attractive.

Although SSA has developed data on potential retirements and disseminated it to the components, no agency-wide program for succession planning has been developed. Instead, components are responsible for developing their own programs, which has resulted in widely varying commitments to succession planning.

SSA efforts to improve its management development programs have been limited to (1) the reestablishment of a national management intern program including 58 new supervisors and (2) planned enhancements to its training curriculum for new supervisors and managers. Other actions are planned to improve management development and the selection process for new supervisors in the field, but it is too early to tell if SSA will be able to develop effective programs to ensure that it develops quality managers to meet its future needs.

Actions to Improve Succession Planning

SSA's actions to improve succession planning have been limited. In December 1987, the Executive Resources Board, which is responsible for forecasting and planning for SES turnover, made its first effort since 1980 at forecasting executive turnover. It distributed to its members information on the numbers of SES personnel who had retired or resigned since 1979 and the SES personnel and grade 15's eligible for retirement from 1987 to 1989. In October 1988, the board outlined a strategy for planning for executive turnover in SSA. However, at the time of our review, no actual program to plan for executive replacements had been developed.

In commenting on this report, SSA stated that it has identified 44 senior management positions and developed profiles of the knowledge, skills, and abilities necessary to successfully perform in these positions. Also five potential candidates to succeed to these positions have been identified, SSA said, and they are being provided needed experience and training to prepare them for succession.

SSA's action to improve succession planning for midlevel managers has had mixed results. In September 1987, the deputy commissioner for management gave SSA components the first annual list of grades 12 through 15 staff who were eligible for retirement between 1987 and 1992. The components were relied on to develop methodologies for

replacing managers who might retire. In January 1988, the deputy commissioner requested a report on components' succession planning activities. Their responses and discussions with them indicated widely differing programs and activities being used. Some programs are informal, with no one person responsible for succession planning and no requirements for studies or reports to be made. Others were more formal, involving SES contract accountability and/or requiring formal studies and statistical profiles of eligible retirees to be generated.

Some of the work being done by components, such as by the Office of the Deputy Commissioner for Programs and the Office of the Deputy Commissioner for Policy and External Affairs, appears to accomplish the objectives of succession planning. But the wide disparity in approaches and commitment to succession planning resulted directly from the lack of an agency-wide initiative or strategy, including formal processes and criteria for actions to be followed. Since many managers are near retirement age, SSA needs an agency-wide succession planning methodology. This should include a formal monitoring system to determine if the methodology selected accomplishes its objectives.

Actions to Improve Management Development

While SSA's plans to improve the development of its future managers are adequate in design, not all plans have been developed and implemented. To replace about 1,300 supervisors and managers who are eligible to retire through 1992 with highly qualified managers, SSA must establish effective management development programs. The Office of Training has designed an SSA-wide, three-tiered management development program, which was approved by the Executive Resources Board in October 1988:

- Tier 1 is a management intern program for first-line supervisors (grades 7-11) consisting of rotational assignments over an 18- to 36-month period to prepare them for specific jobs or areas upon completion. Additional training will be identified and provided as necessary in the area of operations, supervision, and management. Participants will be certified eligible for noncompetitive promotion for which they qualify for up to 3 years.
- Tier 2 is a 24-month management development program for midlevel managers (grades 12 - 14) similar to the tier 1 program.
- Tier 3 is a 24-month SES development program to provide career enhancement and systematic development of outstanding grade 15

employees. This consists of individually planned assignments and formal training to give participants the basic executive knowledge, skills, and abilities required by the Office of Personnel Management.

The Office of Training has begun to implement only the tier 1 and tier 2 programs. In September 1987, it initiated the tier 1 management intern program, which now serves 58 new supervisors. The tier 2 program was initiated in March 1989, when 20 to 30 program vacancies were announced. Implementation of tier 3 is planned for 1989, pending approval from HHS.

In February 1988, the Office of Training issued a policy statement authorizing components to operate limited career enhancement programs that complement the SSA-wide formal management development programs but cannot offer participants promotions. We noted such employee development activities during our follow-up work. Some type of efforts to expand staff experience and knowledge and prepare them to assume greater responsibility in the future were underway in all SSA regions and some headquarters components, such as the deputy commissioner for policy and external affairs. However, due to the limited nature of these programs, they cannot be considered a substitute for formal management development programs.

Beyond these programs, the Office of Training is taking steps to enhance its overall training curriculum and in particular its managerial training curriculum for new supervisors and managers. It also is working to modernize SSA's overall training system, which is in transition due to all the operational changes SSA is experiencing (such as increased automation, emphasis on telephone service, and staff cuts). The training system will be tied in to SSA's long-range plan. For example, the Office of Training is planning to revise its managerial training courses to include such topics as training on automation and improving information resource management and managing for productivity improvements. It also plans to incorporate career development elements into all its training courses instead of having two separate tracks for basic training courses and career development courses.

Although SSA is planning to improve its management development programs, Office of Training staff said there are certain barriers to doing so. These include: (1) budget constraints (training funds for FY 1987 and 1988 are about 50 percent below 1986 levels); (2) competing demands on the office's staff, as much of its resources are currently devoted to training SSA staff on systems changes; and (3) SSA's long-range plan, which

does not contain specific human resource needs information, such as specifics on changes in the nature of certain jobs and estimates of what SSA's future staffing needs will be. This information is necessary to develop training programs that support the future SSA human resource environment.

SSA has made some progress in improving its management development activities. However, we believe, as do many SSA managers, that the absence of effective agency-wide SES and midlevel manager programs has to date left SSA without needed processes for developing quality managers to replace the many senior staff expected to leave in the near future. Only about one-third of 31 upper-level and 40 percent of 71 midlevel managers we interviewed believed that locally run programs to identify and develop managers were effective in meeting their current or future staffing needs.

In addition, to meet supervisory and management level needs SSA has used what are primarily stop-gap measures, of limited long-term benefit. These measures are: (1) temporary promotions (246 promotions to grade 12 and above in fiscal year 1987) and (2) the commissioner's temporary employment plan¹ (a total of 54 employees voluntarily transferred from headquarters to the field into GS-11 and above positions).

Instead, SSA needs to continue to expand its management development programs so it can replace employees eligible to retire through 1992. SSA also should assess existing barriers to increasing its management development programs and take action to remove them.

SSA Has Made Progress in Revising Its Selection Criteria for Supervisors

SSA has been developing new criteria for selecting candidates to fill 40 types of management or supervisory field positions. Under this initiative, the Office of Human Resources and regional office staff have been working together to develop a new approach for evaluating candidates for and selecting field office supervisors. Factors and weights will be assigned to the jobs' required knowledge, skills, and abilities, and posted in the vacancy announcements. Applicants will address these factors and weights in their applications, and a personnel specialist will review the applications to determine who is eligible. An Office of Human Resources official estimates that SSA will complete this effort for all 40 positions by the end of fiscal year 1989.

¹Terminated effective May 27, 1988

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Whether these new criteria will enable SSA to select the most suitable supervisors who will choose to remain in the position will not be known for several years. However, SSA has also proposed to implement an experiment with pay banding (see p. 57) for grades 11-15 positions in the field, which could help retain operations supervisors in the field. Under SSA's proposal, an outstanding operations supervisor could be paid as much as an average branch or district manager.

Comments From the Social Security Administration



THE COMMISSIONER OF SOCIAL SECURITY
BALTIMORE, MARYLAND 21235

April 4, 1989

Mr. Charles A. Bowsher
Comptroller General
United States General
Accounting Office
Washington, D.C. 20548

Dear Mr. Bowsher:

I appreciate the opportunity to provide you with our Agency comments on your follow-up report evaluating SSA's actions in response to the recommendations in your March 1987 report, Social Security Administration: Stable Leadership and Better Management Needed to Improve Effectiveness (GAO/HRD-87-39).

The initial March 1987 management report contained recommendations which were very helpful as SSA began to seek ways to improve our program operations and prepare for the future. In response to the report, the Executive Staff moved quickly to delineate the 50 major recommendations, assign lead component responsibility for implementation planning, and establish an implementation tracking system within the Office of the Commissioner to ensure timely action. These efforts were also integrated into ongoing Agency projects and activities.

The recent GAO draft report, Social Security: Status and Evaluation of Agency Management Improvement Initiatives represents your staff's views of the status of these recommendations. While much of the report reflects the many positive achievements of SSA since the earlier report, we believe that SSA has made additional major strides in several important areas since audit work was closed out. For example, the report states that SSA has improved the language of about half of its notices (p. 76). This figure is now over 75%.

I believe that presentation of the most current status on recommendations will further demonstrate SSA's commitment to accomplishing the objectives in your March 1987 report and enhance the findings in your current draft report. As you are aware, continued improvement in all areas is ongoing at SSA, at the same time we are in the midst of tremendous change. The enclosure discusses the current status (April 1989) of each

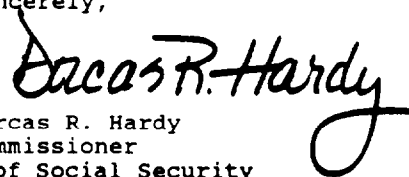
Now on p 50

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recommendation, including actions taken to implement each of the major initiatives identified two years ago. I believe SSA has made significant strides, both in our internal management as well as our delivery of quality service to the public. I appreciate the cooperation extended to members of my staff and the opportunity to comment on the draft report. I welcome continued constructive reviews designed to improve SSA's management and service to the public.

Sincerely,



Dorcas R. Hardy
Commissioner
of Social Security

Enclosure

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RECOMMENDATION #1

"Establish a general career Deputy Commissioner, or comparable position preferably from the career service, to share responsibility for managing SSA's daily operations and enhance stability during transitions in Commissioners."

STATUS: Completed

ACTION TAKEN: The SES position of Senior Executive Officer was filled in January 1988 with a career civil servant.

RECOMMENDATION #2

"Maintain a small central policy, planning and management staff, reporting to the Commissioner's Office, to facilitate Agency-wide planning, monitor and integrate component planning and activities, oversee performance of Agency-wide initiatives and facilitate effective coordination with other agencies."

STATUS: Completed and ongoing

ACTION TAKEN: The action on this recommendation was completed with the creation in October 1986 of the Office of Strategic Planning (OSP) whose director reports to the Commissioner. OSP's first pivotal function was the development of the Agency Strategic Plan (ASP), published in January 1988, which integrated the Systems Modernization Plan into a future oriented, agency-wide plan for carrying out the agency's service mission. OSP remains the focal point within the agency for future planning.

In addition to maintaining the ASP and monitoring progress on its supporting plans, OSP is responsible for the publication of SSA's Information Resources Management (IRM) Plan. An IRM planning task force was convened last year and has been working diligently to finalize the fiscal year (FY) 1989 plan; to establish an integrated planning process to be used for the first time in toto to produce the FY 1990 plan; and to lay the foundations for a comprehensive IRM program at SSA. As part of this effort, OSP expects to publish a master SSA planning calendar and guidelines for component planning before the end of FY 1989. Close coordination with the budget process and the other planning processes in place is a hallmark of SSA's IRM planning process. In addition, OSP staff are participating in the Department's IRM policy task force.

OSP staff are also involved in other major activities with an Agency-wide planning focus, most notably the establishment of an SSA Institute and the implementation of a comprehensive Total Quality Management program at SSA.

RECOMMENDATION #3/4

"Establish a Controller or comparable position to consolidate and enhance the importance of Financial Management at SSA. Require SSA's Deputy Commissioners to work together with the Controller to improve SSA's financial management systems and to perform Financial Integrity Act reviews of SSA benefit payment processes and other functions."

STATUS: Completed

ACTION TAKEN: The creation of the position of Chief Financial Officer (CFO) and the appointment of the first CFO on March 1, 1987 enhanced the importance of financial management at SSA. Accomplishments include:

- o Entering into an agreement with the Internal Revenue Service which resulted in resolving long-standing discrepancies in the annual wage reporting process.
- o Involvement in 25 major initiatives with the Treasury Department designed to streamline payment delivery and collection mechanisms, e.g., expanding the domestic and international direct deposit programs.
- o Developing mechanisms and review processes which improved management of the ITS budget.
- o Review and recommendations leading to the Agency's FY 1989 ITS operating budget and the FY 1990 ITS planned budget.
- o Successful implementation of the integrated quality assurance review process which focused agency efforts on improved debt detection and prevention.

As a direct result of CFO efforts, the Commissioner certified for the first time SSA was in compliance with with Federal Managers' Financial Integrity Act.

RECOMMENDATION #5

"Direct the Controller to work together with the Social Security Board of Trustees to develop an auditable set of financial statements for Social Security programs."

STATUS: Completed

ACTION TAKEN: SSA's 1988 Annual Report to the Congress included, for the first time, business-type financial statements for fiscal years (FY) 1987 and 1986 which disclosed the financial condition, results of operations and sources and uses of program funds. Publication of formal financial statements together with the independent auditor's opinion is now an integral part of the Agency's financial management program. Audited financial statements were also included in SSA's 1989 Annual Report to the Congress.

RECOMMENDATION #6

"Work with HHS' Inspector General and Treasury to arrange for an independent audit of the financial statements."

STATUS: Completed

ACTION TAKEN: CFO worked closely with GAO and OIG to obtain a commitment from OIG to perform an independent audit. This work led to audited financial statements being included in both the 1988 and 1989 Annual Reports to the Congress. The results of the audit of the FY 1987 statements were of great use in improving the quality of the FY 1988 statement; the auditor's opinion for FY 1988 represents a significant improvement over the FY 1987 opinion.

RECOMMENDATION #7

"... we recommend that the Commissioner maintain a formal and structured decision-making process for significant decisions which sets forth, (1) who can make what decisions, (2) the documentation that must be prepared, including analyses of alternatives and risks, (3) how and when the views of knowledgeable or affected employees and outside, independent experts should be obtained, and (4) how decisions should be communicated to all employees who need to know."

STATUS: Completed

ACTION TAKEN: SSA researched and analyzed the adequacy of existing instructions regarding the Commissioner's decision-making process. In February 1988 a new instruction was issued outlining a process for effective decision-making within the Agency. The instruction was issued as an addition to the Administrative Instructions Manual System (AIMS) and has been applied with consistency.

RECOMMENDATION #8

"Develop and implement Agency-wide long and short-term operational plans."

STATUS: Completed

ACTION TAKEN: In January 1988, SSA published its Strategic Plan, "2000: A Strategic Plan". The publication represented the culmination of a year's work in planning, collecting and analyzing data to form a comprehensive, living tool to guide SSA into the future. In developing the Plan, OSP drew upon the expertise and vision of numerous individuals from private industry, public interest groups, and the Agency itself. Since its publication, OSP has directed the production of Agency-wide supporting plans, including 5-year tactical plans and 2-year operational plans. A plan monitoring system is in development, a plan update schedule has been drafted, and the Agency intends to begin its first tri-annual renewal process this year.

As a tool to assist in monitoring progress against operational priorities, SSA has established the Commissioner's Activity Reporting and Operational Tracking System (CAROTS). Progress toward major milestones from the supporting plans of the ASP and other critical Agency projects is reported monthly by the components, and regular quarterly reviews of the management of these projects are held with the Executive Staff members responsible for their accomplishment.

RECOMMENDATION #9

"Consult with HHS, OMB, and congressional committees, states, client groups, and others specifically to discuss how SSA should do business in the future as part of the process of formulating a long-term plan."

STATUS: Completed

ACTION TAKEN: OSP conducts briefings on a regular basis with numerous groups on the topic of how SSA should do business in the future. A meeting was held in April 1987 with representatives of national organizations to discuss service types and levels desired by the public. Numerous Congressional staffs were briefed on the future scenario presented in the ASP, and the Commissioner discussed its contents with the Office of Management and Budget. Recently, the Senate Appropriations Committee received a comprehensive report on SSA's computer Information Technology Systems' needs to meet the service demands of today and prepare for a future of continued improvement in service delivery. SSA has also contracted with the National Academy of Sciences to review SSA's modernized systems plan and provide advice on implementation strategies for the future.

RECOMMENDATION #10

"Use the plan to guide policy, budget, and ADP systems decisions and hold managers accountable for adhering to it."

STATUS: Completed

ACTION TAKEN: Since its creation in 1988 the strategic plan has been used as a dynamic tool by SSA's Deputy Commissioners to develop their component tactical plans through 1991. The Deputies' draft plans are cleared by OSP and presented for approval to the Commissioner. If accepted, they are then established in CAROTS and used to modify SES performance plan milestones.

RECOMMENDATION #11

"Establish, as Commissioner-level policy, permanent Agency-wide annual budget instructions covering all components in SSA and adhering to the objectives set forth in the November 1984 proposal submitted by the Acting Deputy Commissioner for Management."

STATUS: Completed

ACTION TAKEN: The Commissioner first published a policy and planning framework in November 1987 for the fiscal year 1990 budget and again in December 1988 for the fiscal year 1991 budget. The framework has now become part of SSA's standard budget procedure. It encompasses both a revised set of guidelines for the budget process, as well as a schedule of due dates for products required by the Deputy Commissioners and the CFO.

RECOMMENDATION #12

"Hold managers accountable for adherence to budget policy and requirements."

STATUS: Completed

ACTION TAKEN: As part of the revised guidelines for the budget process responsibility was assigned for completion of tasks by the Executive Staff and these requirements were included in the SES performance plans of SSA's Senior Staff. Senior staff is evaluated on their performance in adhering to budget policy and requirements as part of the performance review process.

RECOMMENDATION #13/35

"Establish standards for the amount of time SSA should take to complete its various workloads and use those standards in developing SSA's budget for operating staff. These standards could be based on engineering studies or on actual times required by better performing offices to do the work. Any adjustments to the standard should be based on careful study reflecting the appropriate time needed to implement operational changes."

STATUS: Ongoing Action

ACTION TAKEN: SSA has explored the feasibility of developed engineered unit times for workloads. Based on a limited study, it is technically possible to develop such unit times. Further developmental effort is underway.

The Agency, however, wants to ensure that it has the most accurate information possible for use in the budget and other management processes. To achieve this, SSA has established a process review program intended to help determine most efficient workflows and work practices, as well as other opportunities for operational effectiveness and efficiencies. This program will provide for an ongoing series of onsite reviews by a multi-disciplined team and recommendations to management. As part of this total program, there will also be a thorough review of the major portions of the work sampling system (WSS).

The WSS reviews will be conducted to include a thorough description of the system, including expectations of the users of the data produced. The study will also identify the problems and weaknesses of the WSS and develop alternative approaches to improving the WSS.

The initial findings from the process review program will be available by the end of 1989. The results of these initial reviews will be incorporated into revisions in agency processes in FY 1990. The findings from continuing review efforts, including review of our work sampling systems, will be incorporated into agency processes in FY 1991 and beyond.

RECOMMENDATION #14

"Through SES contracts hold appropriate managers involved in the regulation development process accountable for complying with the new rulemaking procedures."

STATUS: Completed

ACTION TAKEN: Senior Staff SES performance plans for FY 1988 and FY 1989 include items on the use of the new regulation development process and the adherence to this process is a part of their performance review process.

RECOMMENDATION #15

"Periodically evaluate whether the new process is reducing the time it takes to finalize regulations and implement further improvements if warranted."

STATUS: Completed

ACTION TAKEN: A regulations tracking system was developed and implemented in June 1987 to monitor SSA's regulation process. This system continues to be refined in order to meet management's objectives in the important area of regulations development. Status reports on those regulations designated "highest priority" are provided to the Commissioner and the Deputy Commissioners weekly. Status reports on other regulations are provided monthly. The corrective measures that have been phased in have had a clear positive effect resulting in improvements in both the timeliness and the quality of the regulations.

RECOMMENDATION #16/17

"Identify causes of POMS problems; implement corrective actions; survey results."

STATUS: Ongoing Action

ACTION TAKEN: Since 1987, SSA has had an Agency-wide effort underway to rewrite the POMS for clarity, conciseness and uniformity. The POMS improvement activities were built upon many employee suggestions from several surveys. A production schedule was developed and structured writing standards are currently being revised. Delays in writing, editing and publishing the revised POMS, have occurred; however, based on the recommendations of a 1989 workgroup it is expected that the quality of instructions as well as publishing technology and distribution procedures will improve this fiscal year. To date, SSA field offices generally have had a favorable reaction to the revised POMS, and have found the new comprehensive index to be very useful.

RECOMMENDATION #18

"Complete those aspects of a long-term operational plan that sets forth how SSA will deliver services in the future and revise the modernization strategy to be consistent with the service delivery needs."

STATUS: Completed

ACTION TAKEN: SSA completed the necessary actions on this recommendation with the publication in January 1988 of the ASP. The Strategic Plan contains a scenario in which SSA's vision of how it will deliver services in the future is described in detail. A planning process based on the Strategic Plan has also been developed, detailing SSA's plan to the project level. Furthermore, a process has been established to routinely update the Agency's plans to insure it maintains an efficient, flexible and modern environment to provide good service to the public and to respond timely to new legislative initiatives.

The contract with the National Academy of Sciences, referenced in the response to recommendation #9, is also expected to help ensure that SSA's modernization strategy is consistent with the service delivery needs that have been determined. In addition, the agency is pursuing the establishment of an SSA Institute (an ASP initiative) to meet SSA's needs for testing, developing, and adapting new technology to SSA business processes and to serve as a primary training source for those who must use and implement SSA's advanced technologies.

The responses to Recommendations # 2, 8, and 9 are also relevant to this recommendation.

RECOMMENDATION #19

"Establish an effective process for making key ADP decisions which is based upon thorough analysis of mission needs, priorities, alternatives, and their costs and benefits and the effect on other aspects of the SMP. SSA should continue to routinely obtain advice on major decisions from well qualified consultants, etc."

STATUS: Completed

ACTION TAKEN: SSA revised the ADP project prioritization process in 1988 and established the Systems Review Board (SRB) to review all proposed ADP projects in terms of agency priorities, alternatives and cost benefits. The SRB review has resulted in a substantial improvement in systems planning, procurement, and budget execution.

Advice on major decisions has been sought from a range of experts in the private sector, including the National Academy of Sciences, Booz-Allen-Hamilton on data bases and International Systems Services Corporation on capacity planning and management.

RECOMMENDATION #20

"Expediently establish effective project control and integration for the modernization effort, including more effective use of an integration contractor to help SMP projects and transition from the old to the new computer system, etc."

STATUS: Completed

ACTION TAKEN: An Integration and Management (I & M) contractor reviewed SSA's systems integration process and made recommendations for improvements in November 1987 for all systems projects. Of the more than 160 ADP Plan projects, most of SSA's control and coordination is focused on 20 to 25 because they are the most critical and resource intensive (others are projects which consume less than 3 workyears). Project status reviews for major projects are conducted regularly.

A Configuration Control Board process has been institutionalized which the contractor has viewed as a major step forward in the integration and management area. A project management tool, Project Manager Workbench (PMW), was purchased to be used by all project managers to control all projects at the detail level. The contractor concluded in 1988 that scheduling and subsequent controlling of resources will be supported by SSA's decision to utilize PMW. In addition, the Operations Project Integration Document (OPID) was initiated to include a detailed schedule for every major project as well as supporting Data Administrator, disk and computer capacity, and other key procurements. The OPID also details project interdependencies and is updated quarterly.

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RECOMMENDATION #21

"Accelerate the completion of software development standards and implementation of effective enforcement mechanisms."

STATUS: Completed and ongoing

ACTION TAKEN: SSA completed the Software Engineering Technology (SET) which defines the structure of the systems life cycle. All appropriate supervisory and technical staffs were trained on the implementation of SET by November 1987. SET provides instructions for all stages of systems integration, testing, operation and post-implementation review activities.

SSA recognizes that its Software Engineering Technology (SET) standards have evolved, and will continue to evolve to meet its systems life cycle needs. However, SSA believes that the current version of SET is a complete document and addresses SSA's critical needs for standards. This version of SET represents tremendous progress since the first version of the modern SET was issued 2 1/2 years ago. SSA does recognize, however, that there may be additional software standards which need to be developed.

With respect to standards for Systems Integration (SI) activities the mechanisms and standards that provide for SI are the same as those we have in the SET right now, i.e., Configuration Management, Quality Control, Quality Assurance. Our adherence to project management standards in SET and related documents, and the use of the standard project management tool, all insure that proper SI activities are accomplished.

To monitor enforcement of the SET standards, SSA established an office with quality assurance responsibilities. Beginning in 1988, as systems products developed under SET were completed, the office focused on quality assurance audits of systems products and has completed five (including the four mentioned in GAO's comments) with three others underway.

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RECOMMENDATION #22

"Identify the number, type and qualifications of ADP personnel needed to carry out the modernization program and maintain and improve the current systems; take steps to obtain the necessary skills."

STATUS: Completed and ongoing

ACTION TAKEN: After reviewing requirements, SSA decided on a Skills Inventory System to determine personnel and training needs of systems staff. A new three-tier approach to training was launched on April 1, 1988 and has effectively functioned since that time.

RECOMMENDATION #23

"Designate a qualified technical manager to lead and be accountable for SSA's modernization effort."

STATUS: Completed

ACTION TAKEN: In July 1987 the Deputy Commissioner for Operations was tasked permanently with the responsibility for the management of the systems modernization effort in SSA. He is supported by systems managers with specialized technical skills and substantial systems development and management experience in both the private sector and government. The restructuring of systems operations within SSA has resulted in the increased responsiveness of systems efforts to operational and service needs and an acceleration of the progress of systems modernization.

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RECOMMENDATION #24/39/41/49

"Improve communications with employees on major changes planned or underway; assess employee concerns and respond to them; and encourage employees to come forth with their ideas."

STATUS: Completed and ongoing

ACTION TAKEN: Numerous articles have been published through house organs to address employee concerns and communicate the status and future projections of major agency initiatives. In addition, the Commissioner initiated a survey program and polled all supervisors in September 1987. The survey responses resulted in a series of management forums in 1988, during which she and her Executive Staff met with all SSA managers and supervisors across the country. An innovative feature of these forums was the solicitation by the Commissioner of recommendations for change from the forum participants. The Commissioner established the Forum Action Strategy Team (FAST) to collate and prioritize these recommendations. The FAST met numerous times with the Commissioner and the Executive Staff to fully discuss each of the recommendations. They then published two formal reports and sent a copy of the reports to each of SSA's managers and supervisors apprising them not only of the decision reached on each recommendation, but also the rationale behind its acceptance or rejection for implementation. The survey process has proven to be so successful at improving communication within the agency that additional forums are planned for 1989 and 1990, and a survey of all employees is scheduled for April, 1989.

RECOMMENDATION #25

"Develop a clear picture of how the new system will be implemented, including: (1) how systems components will be integrated, (2) how SSA will transition from the existing system to the new system, and (3) when major redesigned system components will be operational."

STATUS: Completed

ACTION TAKEN: A Systems Baseline document (SBD) to define the then existing system and all pending projects was developed in January 1988 as part of the planning for the agency strategic plan. The SBD also reflected systems transition planning to target systems architecture for all systems areas, identify and prioritize the tasks necessary to achieve the agency objectives, along with schedules for all tasks. A transition strategy was also developed with the assistance of the I & M contractor to move from SSA's old systems to the new with the least amount of disruption and organizational stress.

RECOMMENDATION #26

"Assess the effect that problems in the existing system, such as the inefficient software and the manual operation, are having on service to the public. Such an assessment should include an estimate of the resources and time that would be required to correct the problems in relation to when the redesigned system will be operational."

STATUS: Completed

ACTION TAKEN: The ADP Plan Quarterly Update reflects decisions regarding which enhancements to existing systems should be undertaken, including those to improve public service. The decisions are based on technical feasibility, an assessment of the resources required and available, scheduling compatibility with systems modernization, as well as an assessment of the level of benefit to be achieved.

RECOMMENDATION #27/29

"Develop a comprehensive management information policy commensurate with the Agency long-range operational plan. Develop future management information requirements based upon the modernized computer system."

STATUS: Ongoing Action

ACTION TAKEN: The final draft of the MI policy has been prepared and is currently being evaluated.

Subsequent to the GAO team's review, substantial progress has also been made in developing an information benefits analysis (IBA) tool and process. The IBA will permit an objective assessment of the contribution (value) that proposed or existing data collection makes to the Agency's primary functions, as delineated in the ASP. Based upon how the Agency utilizes information, we have now identified certain critical factors which will be used as the criteria for evaluation of MI data. We have already identified certain data collection that can be discontinued under these criteria. SSA is currently developing its plan on how to apply the IBA process to evaluate existing data systems and to assess proposals for major modifications to these systems and for proposed data systems.

SSA has also begun the conversion of its information systems from the obsolete UNIVAC mainframe to a new Decision Support Complex. Each information system is being reviewed for final decisions on whether to transfer, retire, or modify them in light of this hardware conversion.

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RECOMMENDATION #28

"To gain better control over management information, establish performance standards and measures that are based on the goals and objectives in the operational plan."

STATUS: Complete

ACTION TAKEN: The primary purpose of CAROTS is to assess the agency's operational plan and translate this plan into individual milestones to be tracked through the SES plans of SSA's senior staff. The SES plans specify performance standards and measures based on the goals and objectives delineated in the operational plan.

RECOMMENDATION #30

"Intensify efforts to improve SSA's data base and establish SSA-wide focal point for overseeing and integrating SSA's management information and data base activities including review and evaluation."

STATUS: Ongoing Action

ACTION TAKEN: Numerous activities are underway to address this recommendation. Recognizing that both data standards and a data model needed to be developed, currently three ADP plan projects are underway addressing these requests. The first and major phase of the data model for Title II and Title XVIII has been completed. The model will be updated and refined to be consistent with related system development activities. Over 5,000 data elements and their interrelationships for the data model have been analyzed and documented.

In 1988, and again in 1989, the integration contractor acknowledged a number of positive activities SSA had taken to address data administration:

- o Formally establishing the DA function.
- o Assigning a permanent Data Administrator (5/88) and full-time DA Staff (7/88).
- o Adopting the NIST standard data architecture, developing data naming and defining standards, publishing those standards in SET and using automated enforcement mechanisms for implementation of those standards.
- o Developing a detailed plan to direct data modeling and data analysis activities which includes: 1) Developing the foundation for an Agency-wide (global) data model - Program Policy Information Model (PROPIM) and 2) Continuing to populate the global model by defining application or local data views.

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Another major effort, the establishment of a Management Information (MI) Policy was initiated to address the issues of the cost of data collection and the value of information to the Agency, and to institutionalize awareness of the need to achieve a cost-beneficial balance between the two. A MI Board was convened to provide top-level oversight and management control over the Agency's MI resources. An Information Systems Architecture which describes how all MI systems and associated data will be linked to an integrated logical data base structure has been drafted to define how office automation fits into SSA's overall strategy.

In addition, a series of process and information reviews is being conducted to collect, analyze, and systematize information about the conduct of operational processes at SSA.

OSP is the focal point for ensuring that SSA's data management activities are fully integrated.

RECOMMENDATION #31

"Improve SSA's focus on productivity by establishing more specific expectations for efficiency in SES contracts and merit pay plans as a basis for gauging performance."

STATUS: Complete

ACTION TAKEN: Using CAROTS as a basis, new performance plans emphasizing productivity were drafted in 1987 for the Deputy Commissioners. Other SES/PMRS plans were then developed based on the DC plans and performance for all managers has been evaluated against these plans in 1987 and subsequent years.

Also, in February 1986, Executive Order No. 12552 initiated a Productivity Improvement Program (PIP). The goal of the PIP is to improve productivity in appropriate functions by 20 percent by 1992. SSA selected the RSI, DI, and SSN programs to be a part of the Government-wide PIP for fiscal years 1988, 1989 and 1990. Generally, SSA sends quarterly and annual reports to HHS citing progress made in achieving productivity improvements in the various programs without sacrificing timeliness and accuracy, and listing management practices considered essential in productivity and quality improvements. In 1988 SSA's success in productivity improvement was recognized by a Presidential Productivity Award from the President's Council on Management Improvement.

RECOMMENDATION #32

"Require the use of work measurement data and periodic cost reports for all SSA cost centers (such as regions, area and district offices) to identify targets of opportunity for improved efficiency and cost-effectiveness."

STATUS: Complete

ACTION TAKEN: Within SSA the Deputy Commissioner for Management was designated as the agency-level focal point for managing productivity improvement efforts. He and the CFO developed a methodology for measuring, tracking and reporting productivity and cost changes in operating components. The Cost Analysis System for the first time is providing production and unit cost information for each field office, region and program service center (PSC). These new reports provide the capability to compare regions' and PSCs' performance to one another or to total national performance.

SSA has also established the Productivity Cost Measurement System that will provide statistically valid and reliable performance data at least to the area level for field offices and reliable performance data for many of the larger district offices.

RECOMMENDATION #33

"Allocate staff resources to similar units based on performance expectations."

STATUS: Complete

ACTION TAKEN: "Similar units" were identified and national FTE allocations, consistent with the Commissioner's budget decisions, were made on that basis for FY 88 and FY 89. Productivity targets have been established for each region and operational component designed to improve overall productivity and to reduce variations among and within regions. These goals have been incorporated into the CAROTS and SES plans.

SSA has made some progress in its efforts to close the productivity gap between the regions. In December 1988, two-thirds of the additional FTEs available were distributed to the more productive five regions and one-third to the less productive five regions. These FTEs were used primarily to address or to prevent the imbalances among offices that arise as a result of our principal reliance on attrition to meet the downsizing targets.

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RECOMMENDATION #36

"Hold managers accountable for meeting performance standards."

STATUS: Completed

ACTION TAKEN: Performance standards are set annually by the office of the Commissioner and incorporated in CAROTS and SES performance plans.

RECOMMENDATION #37

"Improve public notices."

STATUS: Ongoing Action

ACTION TAKEN: Since 1984 SSA has worked to improve the clarity and readability of the approximately 240 million notices and high volume forms that are sent to the public each year. In addition to language or format improvements to about 75 percent of our notices, all notices now carry the signature or name of a responsible official, a telephone number and the address of the nearest field office. Language improvements continue to be phased in to millions of automated notices, and improved software which field offices use to produce clear, standardized notices on personal computers continues to be developed. The language of all title II overpayment notices has been revised--the Agency's most criticized notice--but these improvements cannot be implemented because of a continuing court order. The Notice Standards have been revised and will be distributed in 1989 (they are currently in the approval process).

RECOMMENDATION #38

"More systematically identify field office problems in serving Medicare beneficiaries and promptly develop resolutions. Assistance should be sought from the Secretary of HHS, if necessary."

STATUS: Complete

ACTION TAKEN: The major issues were identified and problems were resolved through POMS issuances and through coordination with HCFA staff.

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RECOMMENDATION #40

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"Assess what can be done to address employee concerns about diminished advancement opportunities. Restructuring jobs or reevaluating grade structures for employees assuming greater or more complex responsibilities as a result of increased computerization and/or shifting of responsibilities among units should be considered. In addition, reassess the structure of the Operations Supervisor position to determine how more emphasis can be placed on making it more rewarding and attractive."

STATUS: Ongoing Action

ACTION TAKEN: SSA management believes that all jobs need to be reviewed in light of the future projections of demand for service, changes in technology and the agency's strategic plan. This review involves many dimensions: training, the relative need for generalists and specialists, standards, promotions, career paths and appropriate salary levels.

The agency has taken a number of steps to begin to address these key issues. A proposal was developed to test the concept of "pay banding" covering field management positions and is pending approval of OPM. A simplified classification standard combining the GS-105 (social insurance specialist) series and the GS-993 (social insurance claims examiner) series will be developed by July 1989. The occupational study is currently in progress. The resulting standard is expected to reflect technical and professional claims processing work as it is currently constituted and also provide for the increased automation of the process. It is anticipated that such a standard will aid employees, managers and the personnel staff in: understanding the work; developing positions and organizational structures which will enhance productivity; and provide for realistic career paths for thousands of employees engaged in claims processes. The response to Recommendation #44 also applies to this recommendation.

RECOMMENDATION #42

"Reassess SES contracts and merit pay plans to see that work production goals give consideration to the time employees need to learn new techniques during SMP implementation."

STATUS: Complete

ACTION TAKEN: The Regional Commissioners' SES plans include in Element 1 the standard to establish realistic and attainable operating goals, including a consideration of the time employees need to learn new techniques in the modernized claims system.

RECOMMENDATION #43

"Determine what senior-level and mid-level manager positions will likely have to be filled over the next several years, the adequacy of the existing pool of available candidates, and what specific recruitment and development changes are needed so that SSA will have enough qualified candidates to fill future vacant positions."

STATUS: Complete

ACTION TAKEN: Under the guidance of the Executive Resources Board, a group composed of senior managers which oversees executive and management training and development, SSA has identified key positions and developed profiles of the knowledge, skills and abilities necessary to successfully perform in these positions. As many as five potential candidates to succeed to these positions have been identified. The types of experience and/or training necessary to help fully qualify these candidates and to ensure they are prepared to succeed have been identified and begun.

The HHS Office of the Secretary has been pleased with this initiative and is using this as a model for other HHS agencies.

RECOMMENDATION #44

"Establish a formal program to identify and develop managers at all levels of the organization."

STATUS: Completed

ACTION TAKEN: In September 1987 the Management Intern Program was announced for employees at levels GS-9 through GS-11 to develop managerial skills. A total of 58 management interns were selected and began their internships in November 1988. In January 1989 the Commissioner announced the creation of a three-tiered management development program consisting of the Management Intern Program (GS-7 to GS-11), the Midlevel Management Program (GS-12 to GS/GM-14) and the Leadership Program (GS/GM-15). The programs were developed to address agency-wide succession planning and to ensure a pool of well-qualified candidates at all levels of management within SSA. In March 1989 the Midlevel Management Program was initiated with a call for applications from interested staff.

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RECOMMENDATION #45

"Determine how SSA can make staff more aware of requirements and availability of training for new supervisors and managers and the benefits that accrue from fulfilling the current training curriculum."

STATUS: Completed

ACTION TAKEN: SSA's Managerial Training Matrix (MTM) course catalog was updated in December 1987 to announce the availability of required and discretionary courses for supervisors and managers. It was distributed to all SSA supervisors and managers nationwide. The required MTM courses for probationary supervisors and mid-level managers are offered on at least a quarterly basis. The MTM will be updated periodically to address changes in training needs and expectations.

RECOMMENDATION #46

"Develop a training program to enhance the knowledge, skills, and abilities of lower level staff to assume future supervisor and/or management positions. Such a program could be similar to the training program SSA now has for newly promoted or assigned supervisors and managers."

STATUS: Complete

ACTION TAKEN: SSA's "Comprehensive Approach to Management Development Programs" was approved on August 14, 1987. It provides for formal management development programs in SSA and for the use of component rotational programs for the development of employees below the GS-9 level for supervisory positions. In addition, SSA has assessed its future training and development activities as part of the development of a long-range manpower plan.

RECOMMENDATION #47

"Reassess selection practices for supervisors to minimize the selection of employees who do not have the appropriate skills and abilities for or who do not fully understand the duties and responsibilities of the job."

STATUS: Ongoing Action

ACTION TAKEN: SSA has developed and evaluated new selection procedures based on guidelines from OPM which incorporate standard knowledge, skills and abilities job analysis methodology. A self-training manual has been developed for use in learning the new job analysis techniques. New selection factors and weights for standard, nonbargaining unit positions utilizing the new job analysis approach have been developed, with the Regions developing at least 50 percent of the new selection factors and weights. The finalization and implementation of the factors into the PMS is expected shortly. We are also expanding the use of the new methodology for selected nonbargaining unit positions in headquarters.

RECOMMENDATION #48

"Reassess the emphasis given to initial claims statistics by managers to determine whether changes would be appropriate to achieve a more balanced approach to all important workloads and other objectives."

STATUS: Complete

ACTION TAKEN: At SSA the validity of all numerical goals has been reassessed. To the extent possible strict numerical goals have been eliminated and maintenance goals established to lessen the counterproductive and artificial competition between offices. The SES and PMRS plans of SSA's managers reflect this change.

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RECOMMENDATION #50

"Improve the effectiveness of employee recognition efforts by allocating a portion of award funds to components based on unit performance, and emphasizing to supervisors and managers through training or other means, the importance of prompt recognition of employee contributions."

STATUS: Complete

ACTION TAKEN: Organizational effectiveness was used by the Commissioner as a basis for the allocation of funds to components for EPMS/PMRS awards in FY 1987 and FY 1988. The goal for the timely distribution of 1988 performance awards to employees was established as Christmas, 1988. The goal was not only met, but exceeded. Most employees received their award monies before Thanksgiving.

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Within the new draft report GAO has identified three additional recommendations for improvement within SSA.

RECOMMENDATIONS A & B

"Create a system to systematically evaluate whether SSA's initiatives are accomplishing their objectives and implement improvements if warranted."

"Develop an annual process to compare planned with actual program results for use in formulating subsequent year's plans and budgets."

STATUS: Complete

ACTION TAKEN: The purpose of the Commissioner's Activity Review and Operations Tracking System (CAROTS) is to outline, monitor and evaluate the Agency's goals, objectives and accomplishments. The CAROTS serves as an important vehicle to document SSA's commitment to the ongoing initiative to improve Agency operations and management accountability. It requires periodic reviews of actual performance during the year and an assessment of the outcome of each objective as part of the ongoing goal-setting process. In sum, SSA believes it has an effective process to evaluate objectives and accomplishments and to formulate future plans and budget.

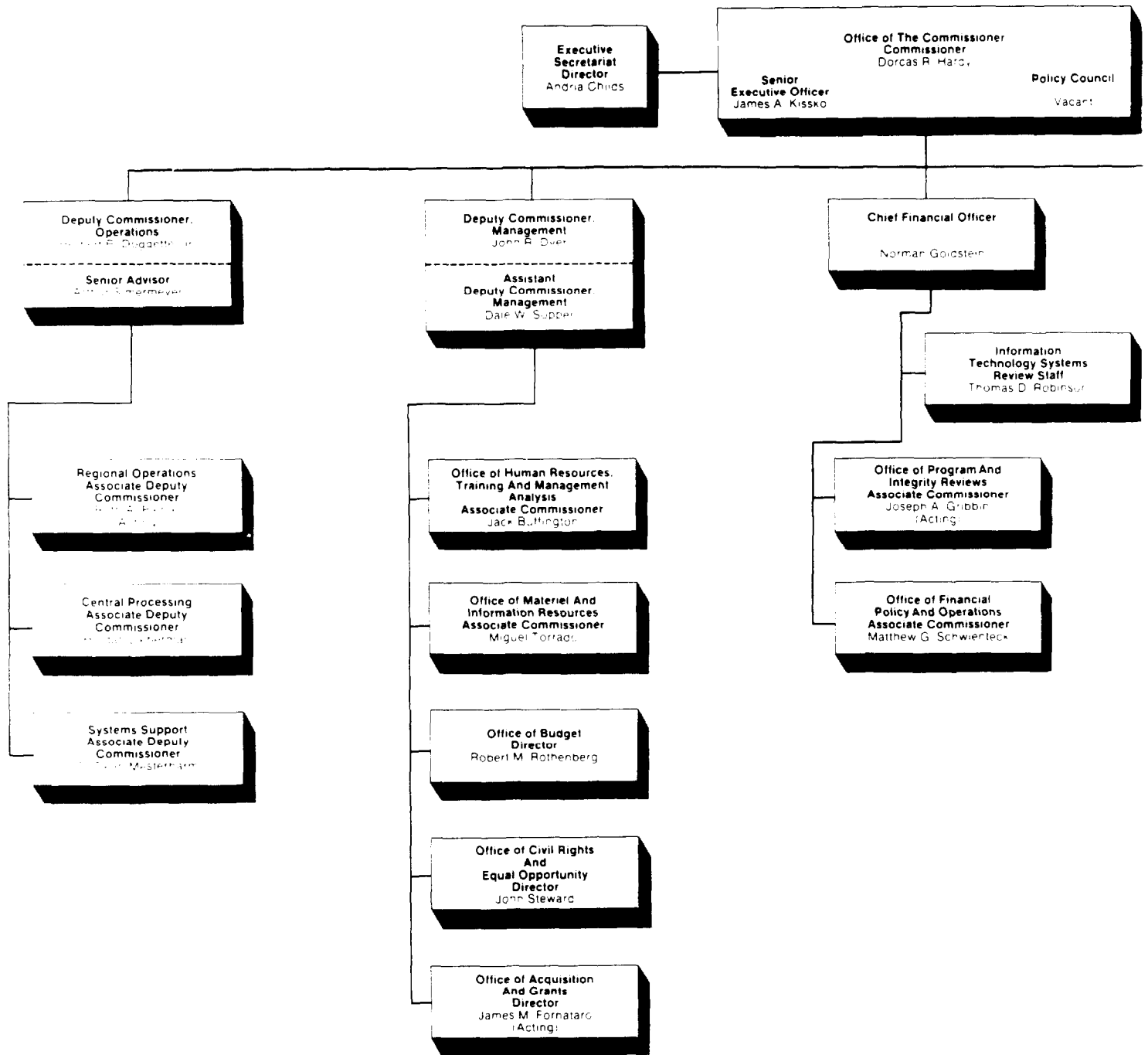
RECOMMENDATION C

"Designate a senior official solely responsible for information resources management."

STATUS: Not Accepted

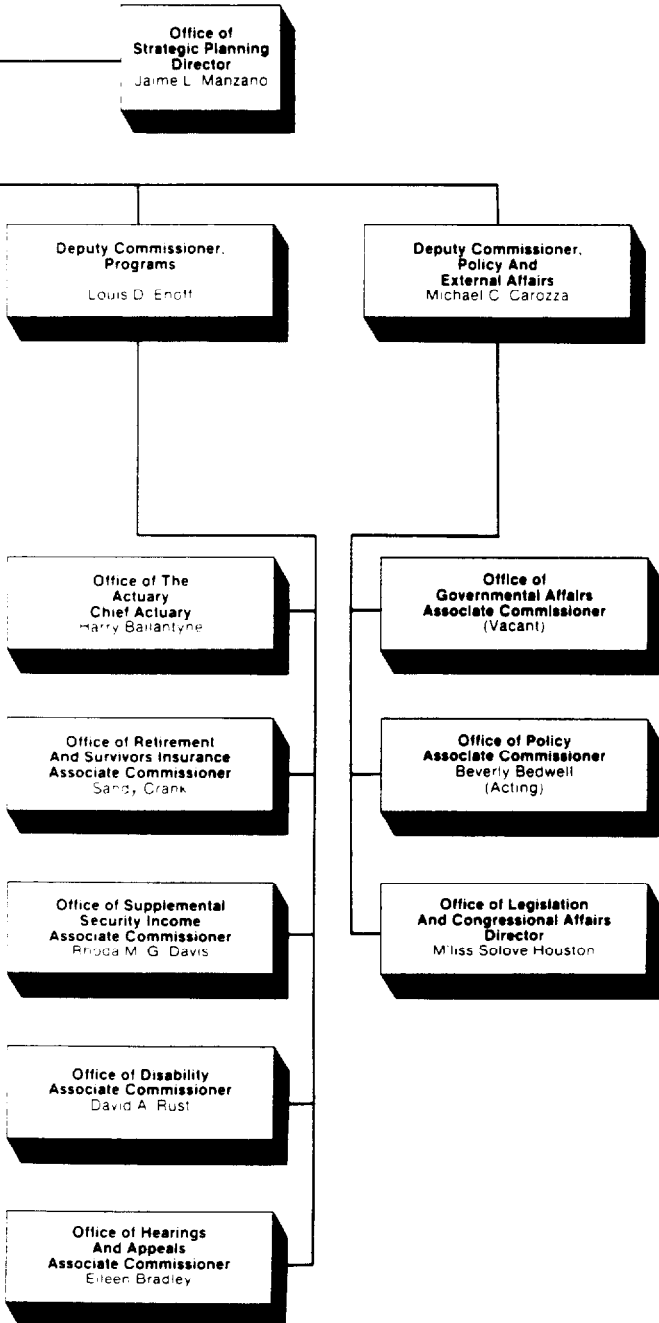
RATIONALE: The Agency has made significant strides in the management of its information resources. However, it is too soon to gauge the results of the planning process, so it is not agreed that a change is either necessary or beneficial at this time. SSA does agree that a focus and planning mechanism for information resources is essential. SSA is now reviewing its information management process and will be assessing whether the function and responsibility are properly placed. In addition, it should be noted that, while SSA has not designated a Senior Official with full-time responsibility and accountability for IRM, SSA has designated the Director, OSP, as the senior official responsible for IRM. As described specifically in the response to Recommendation #2, a complete review of the IRM program at SSA is being conducted under the auspices of OSP.

Social Security Administration Organizational Structure



Source: SSA (as of Nov. 1, 1988)

Appendix II
Social Security Administration
Organizational Structure



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