

GAO

Report to the Chairman, Subcommittee
on Labor, Health and Human Services,
Education, and Related Agencies,
Committee on Appropriations,
U.S. Senate

August 1990

SSA ADP BUDGET

Suggested Reductions to Fiscal Year 1991 Budget



Information Management and
Technology Division

B-240354

August 22, 1990

The Honorable Tom Harkin
Chairman, Subcommittee on Labor, Health
and Human Services, Education, and
Related Agencies
Committee on Appropriations
United States Senate

Dear Mr. Chairman:

On January 22, 1990, you asked us to analyze the Social Security Administration's (SSA) fiscal year 1991 information technology systems budget request of \$240 million. Besides covering the systems' operations and maintenance, the budget request includes \$48.1 million for system enhancements such as automated data processing (ADP) and telecommunications hardware, software, supplies, and contractor services. As arranged with your office, we determined whether SSA had justification for the \$48.1 million.

On April 16, 1990, we briefed your office on our preliminary findings. This report updates that briefing with the latest information available when we completed our work in June 1990.

Results in Brief

We were able to identify adequate justification for \$37.1 million of the \$48.1 million requested for the fiscal year 1991 system enhancements. However, we are concerned about two enhancement projects—systems integration and office automation—with a total fiscal year 1991 estimated cost of \$11 million. SSA has decided it is premature to fund the requested systems integration project so it plans to reprogram the \$6 million for some as yet unspecified projects. Because it is unclear how these funds will be spent, the Committee may wish to reduce SSA's fiscal year 1991 budget request by \$6 million. Regarding the \$5 million requested for office automation, we found wide differences between the amounts SSA's budget requested and those found in SSA's internal documents. Internal documents show, for example, that \$51 million—not the \$5 million requested—is needed for office automation in fiscal year 1991. The Committee may wish to defer \$5 million for office automation until SSA provides the Committee with a detailed analysis of the agency's annual plans for acquiring additional office automation equipment and services and makes it consistent with the budget request.

Background

SSA's information systems budget request is for ADP acquisitions, ongoing ADP operations, telephone purchases, and telephone lease line charges and maintenance. The budget also requested funds for system modernization efforts involving additional ADP and telephone equipment, new software development, and related contractor services. SSA implemented the system modernization program in 1982 to improve software, equipment, and data communications, and to implement an integrated data base to provide better service to the public. The cumulative cost of the system modernization effort as of September 1989 amounted to about \$500 million.

Analysis of SSA's Information Technology Systems Budget Request

SSA's fiscal year 1991 information technology systems budget request for \$240 million includes \$191.9 million for ADP and telephone operations and maintenance and \$48.1 million for systems enhancements. The systems enhancements—the focus of our review—are divided into three programmatic categories, with funding levels as specified below:

- New Hardware and Upgrades (\$18.6 million) includes additional computer terminals and disk storage capacity, expanded mainframe computer capacity, new software systems, and contractor support for equipment installation;
- Systems Analysis, Software Planning, and ADP Support Services (\$24.5 million) includes contractor support for planning, designing, developing, and installing software systems, and for providing advice and guidance with the planning, implementation and management of SSA's current and future modernization activities; and
- Office Automation (\$5 million) includes workstation networks and software applications for automating labor-intensive processes to improve employee productivity and efficiency.

In analyzing SSA's budget request we examined supporting documentation as well as information obtained during interviews with project officers and management officials. On this basis, we identified adequate justification for \$37.1 million of the \$48.1 million requested. However, we question the justification for SSA's systems integration services project, which accounts for \$6 million of the \$24.5 million requested for systems analysis, software planning, and ADP support services. We also question the justification for the \$5 million requested for office automation.

\$6 Million Fiscal Year 1991 Systems Integration Services Project Delayed

SSA requested \$6 million in fiscal year 1991 for a new project intended to furnish systems integration services (including expert advice) to help SSA plan, implement, and manage its current and future modernization activities. On July 5, 1990, SSA officials informed us that SSA had decided not to implement the system integration project in fiscal year 1991 because its requirements had not been finalized. Also, available SSA documentation shows that before SSA can start the project a number of planning and design tasks must be completed. For example, SSA still must complete detailed task requirements and cost/benefit analyses, as well as the agency procurement request before contractor resources are engaged.

SSA officials believe that the \$6 million can be reallocated to other—yet unspecified—system-enhancement projects. Consequently, we could not analyze the proposed reallocation to determine whether it is justified. Because it is unclear how SSA would spend the funds, the Committee may wish to reduce SSA's fiscal year 1991 information technology system budget request by \$6 million for the systems-integration project.

Office Automation Needs Greater Than Projected in Budget Documents

In September 1988, the SSA Commissioner approved an agency-wide office automation strategy designed to reduce excessive reliance on paper, duplication of information, incompatible word processing systems, and inability to share ADP resources. The strategy outlines a program for introducing an integrated system of communications networks, compatible workstations, and other equipment and software designed to provide state-of-the-art office automation technology to employees throughout SSA.

SSA is requesting \$5 million for the office automation project in fiscal year 1991. SSA officials stated that they requested the \$5 million to acquire more office automation equipment and services. However, in reviewing SSA's budget request, we were not able to associate the amount requested to any specific acquisition plans.

Having analyzed the request and supporting documentation, we also found that SSA's request understates the overall funding needs for fiscal year 1991 by about \$46 million. SSA officials agreed that the funding level included in the fiscal year 1991 request is not consistent with the project's overall funding needs as reflected in SSA's internal office automation budget and planning documentation. SSA did not request full funding for the office automation program largely due to the program's

scope, high cost, and SSA's limited budget for information technology systems enhancement projects, according to SSA officials.

Additionally, we found that SSA's budget request shows that office automation is projected to cost \$25 million during fiscal years 1991 through 1995. However, documentation provided by SSA's budget office shows that the fiscal year 1991 request understates office automation needs through fiscal year 1995 by as much as \$122 million. SSA officials agreed that the 5-year funding projection included in the fiscal year 1991 request is not consistent with the project's overall funding needs or implementation date as shown in SSA's internal budget documents and the office automation tactical plan.

Until SSA brings its internal plans and annual funding needs in line with its budget requests, the Committee may wish to defer the \$5 million requested by SSA for office automation. This deferral should remain in effect until SSA provides the Committee with a detailed analysis that discusses the agency's annual plans for acquiring additional office automation equipment and services, as well as the related cost estimates.

Objective, Scope, and Methodology

The objective of our review was to determine whether SSA had justified the enhancements portion of its fiscal year 1991 information technology systems budget request. We focused our review on the 24 enhancement projects that have an estimated cost of \$48.1 million because they represent new commitments to SSA's information technology systems. As arranged with your office, we did not evaluate the \$191.9 million operations and maintenance portion of SSA's request. We conducted our review at the SSA headquarters in Baltimore, Maryland. In conducting our work, we examined documentation supporting the individual projects that comprise the enhancements portion of SSA's budget request. We reviewed supporting documentation for project cost and schedule data to verify that they were prepared in accordance with requirements stated in Office and Management Budget Circular A-11 (schedules 43A and 43B). We also verified that each project was on the SSA commissioner's list of priority projects, ranked and recommended by SSA's internal Systems Review Board. In addition, we met with senior program and management officials as well as project officers to confirm our understanding of the underlying need for individual enhancements and to obtain additional documentation supporting those needs.

We met with responsible program officials and senior management to confirm our understanding of the justification for and funding status of

individual information system projects included in our evaluation. Our evaluation was conducted from January through June 1990. As requested by your office, we did not obtain written agency comments on a draft of this report. We did, however, brief SSA officials on the results of our work, and have incorporated their comments where appropriate. Our work was performed in accordance with generally accepted government auditing standards.

We are sending copies of this report to the Chairman of the House Committee on Appropriations; the Director, Office of Management and Budget; the Administrator of General Services; the Secretary of Health and Human Services; and the Commissioner of Social Security. Copies will also be made available to others upon request.

This report was prepared under the direction of Frank Reilly, Director, Human Resources Information Systems, who can be reached at (202) 275-4659. Other major contributors are listed in the appendix.

Sincerely yours,



Ralph V. Carlone
Assistant Comptroller General

Major Contributors to This Report

**Information
Management and
Technology Division,
Washington, D.C.**

Thomas J. Jurkiewicz, Assistant Director
Thomas E. Melloy, Assistant Director
Michael A. Alexander, Evaluator-in-Charge
Kim F. White, Staff Evaluator

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