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ABSTRACT

Established by Executive Order 12369 on June 30, 1982, the President's Private Sector Survey on Cost Control (PPSSCC) carried out its mandate through an executive committee of 161 high-level private sector executives. The committee set up a management office and 36 task forces with 1,300 members. The task forces were co-chaired by members of the executive committee. The PPSSCC was directed to go into the various departments and agencies and look at them as if they were considering a takeover or a merger. The project team found that key information that would be needed to make a decision on such actions was often not available, and when available, was frequently out of date, inaccurate, or incomplete. This information gap, a collapse in the communication or reception of knowledge, causes a lack of data translated into critical information, needed for accurate, timely, and perceptive decision making. Individual task forces made recommendations for the departments they investigated, and an overall program was recommended that would include: an agency-by-agency needs assessment; establishment of data collection standards; adoption of a systems approach to information processing; improved utilization of existing data; and implementation of a structure to facilitate the information management process. This preliminary report includes an executive summary, issue and recommendation summaries, and a summary list of recommendations and savings. A compendium of information gaps reported by the task forces and one page summaries of their findings are appended, as well as discussions of several selected issues. (DMC)

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PRESIDENT'S PRIVATE SECTOR SURVEY ON COST CONTROL

MANAGEMENT OFFICE SELECTED ISSUES

VOLUME VII

INFORMATION GAP IN THE FEDERAL GOVERNMENT

APPROVED BY THE SUBCOMMITTEE FOR THE
FULL EXECUTIVE COMMITTEE, WINTER 1983

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THE PRESIDENT'S PRIVATE SECTOR SURVEY ON COST CONTROL

January 20, 1984

The Honorable Ronald Reagan
President of the United States
The White House
Washington, D.C.

Dear Mr. President:

The following Report represents the results of the PPSSCC Management Office Selected Issues Report on Information Gap in the Federal Government.

Work on the Report was directed by Richard V. Horan and Keith S. Kendrick and reflects the combined efforts of 10 individuals who devoted extensive pro bono work to the PPSSCC initiative. A list of project members is enclosed with this letter.

The Report on Information Gap in the Federal Government highlights major recommendations contained in other PPSSCC reports which, when fully implemented, could result in three-year cost savings of $78.590 billion. Because these savings were previously reported in other PPSSCC reports, they are not again claimed in this Report. It should be noted, however, that some of the recommendations may require several years for the savings to be realized. While all facets of Information Gap in the Federal Government could not be surveyed in the time allotted, areas selected for review were considered to offer significant potential for cost control and improved efficiency. The importance of the accompanying recommendations rests on the fact that they represent the potential for better utilizing finite resources available to the Federal Government.

Clearly, other opportunities for cost savings and revenue generation exist but, due to limited time and personnel resources, they could not be pursued. Several are suggested for further review because they offer future potential savings and revenue opportunities.

On behalf of the Project Directors and members, I would like to express our deep appreciation for the opportunity to have been of service to you and the members of your Administration.

Respectfully,

J. Peter Grace
Chairman, Executive Committee

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PRESIDENT'S PRIVATE SECTOR SURVEY ON COST CONTROL

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VOLUME VII

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FULL EXECUTIVE COMMITTEE, WINTER 1983

PREFACE

On June 10, 1982, President Reagan signed Executive Order 12369 formally establishing the President's Private Sector Survey on Cost Control (PPSSCC) in the Executive Branch of the Federal Government. An Executive Committee under the chairmanship of J. Peter Grace was established, consisting of 161 high-level private sector executives--mostly chairmen and chief executive officers--from many of the nation's leading corporations.

Briefly stated, the President directed the PPSSCC to:

- Identify opportunities for increased efficiency and reduced costs achievable by executive action or legislation.
- Determine areas where managerial accountability can be enhanced and administrative controls improved.
- Suggest short- and long-term managerial operating improvements.
- Specify areas where further study can be justified by potential savings.
- Provide information and data relating to governmental expenditures, indebtedness, and personnel management.

The Executive Order also provided that "the Committee is to be funded, staffed and equipped . . . by the private sector without cost to the Federal Government." To implement this objective, the Foundation for the President's Private Sector Survey on Cost Control was established. It formed a Management Office which organized thirty-six "task forces," each co-chaired by two or more members of the Executive Committee, to do the "preliminary reports."

Twenty-two of these task forces were assigned to study specific departments and agencies, and the remaining fourteen studied functions cutting across Government such as personnel, data processing and procurement. In addition to individual task force reports, the Survey Management Office has issued a series of reports on selected issues. Apart from the Executive Committee in its official capacity, none of the task force members had any authority to make recommendations to departments and agencies or to the President.

A listing of the thirty-six task forces follows:

Agriculture
Air Force
Army
Automated Data Processing/Office Automation
Boards/Commissions-Banking
Boards/Commissions-Business Related
Commerce
Defense-Office of Secretary
Education
Energy (including Federal Energy Regulatory Commission and Nuclear Regulatory Commission)
Environmental Protection Agency/Small Business Administration/Federal Emergency Management Agency
Federal Construction Management
Federal Feeding
Federal Hospital Management
Federal Management Systems
Financial Asset Management
Health & Human Services-Department Management/Human Development Services/ACTION
Health & Human Services-Public Health Service/Health Care Financing Administration
Health & Human Services-Social Security Administration
Housing & Urban Development
Interior
Justice
Labor
Land, Facilities and Personal Property
Low Income Standards and Benefits
Navy
Personnel Management
Privatization
Procurement/Contracts/Inventory Management
Real Property Management
Research and Development
State/AID/USIA
Transportation
Treasury
User Charges
Veterans Administration

Each of the 36 task forces prepared a draft report and, with a few exceptions, an appendix, supporting the recommendations contained in the task force report. Those appendices are on file at the Department of Commerce's Central Reference and Records Inspection Facility. It should be noted that recommendations relating to any one federal agency may be included not only in the appropriate agency task force report but also in the reports of the functional cross-cutting task forces.

It is important to note that cost savings, revenue, and cash acceleration opportunities in this report may duplicate similar dollar opportunities reported in other task force reports. Thus there may be instances of double counting of dollar opportunities between task force reports. These duplications will be netted-out in the Final Summary Report to the President. Additionally, dollar estimates in this report are based on reasonable and defensible assumptions, including standard three-year projections based on when first, second, and third year partial or full implementation will occur and not specific fiscal years. Accordingly, estimated savings or revenue opportunities are understandably of a "planning" quality and not of a "budget" quality. Therefore, the reader should guard against drawing conclusions or making dollar projections based on the disclosures contained <u>only</u> in this report.

A glossary of terms used in categorizing PPSSCC-identified opportunities follows.

- <u>Cost Savings include:</u>

  Cost Reduction - reduction of budget expenditures, generally ongoing

  Cost Avoidance - avoidance of cost for anticipated but unbudgeted expenditures, generally ongoing

- <u>Revenues include:</u>

  Revenue Enhancement - increased receipt of existing or new revenues, generally ongoing

  Revenue Acceleration - sale of fixed asset for cash, generally one-time

- <u>Cash Acceleration includes:</u> - improvement of the cashflow, generally by accelerating the cash inflows and/or [illegible]erating the cash outflows. [illegible]enerally ongoing, but may be a [illegible]ne-time occurrence.

The standard three-year projections of cost savings and revenues include 10% inflation in Years 2 and 3. On revenue accelerations and cash accelerations, savings are claimed on the interest avoided which is estimated at 10%. These rates reflect generally prevailing rates at the time the Task Force reports were prepared and may be adjusted, as necessary, in the Final Summary Report to the President.

In addition to identifying specific opportunities for cost control and improved efficiency, PPSSCC sought to identify the appropriate implementation authority for each recommendation. Because of the complexities of the appropriations process, as well as historical precedents, however, further data could result in a change in the PPSSCC-identified authority.

All of the PPSSCC reports were considered and acted upon in a meeting open to the public by a Subcommittee of the Executive Committee of PPSSCC, along with other statements and recommendations. Written comments submitted by the public, if any, have been forwarded to the White House along with the final PPSSCC reports. In addition to individual reports, the PPSSCC Executive Committee will adopt a Final Summary Report to the President, summarizing the scope of its individual task force recommendations and offering general conclusions and advice. This Summary Report is tentatively scheduled for release in late Fall.

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

"Information Gap" is a collapse in the communication or reception of knowledge. This desired knowledge is far more than simple, raw data. Instead, it is data that has been translated into critical information which allows accurate, timely and perceptive decision-making. This failure to convert raw data to critical information, or "information gap," may be the result of:

- o too much information of the wrong kind;
- o too little information of the right kind;
- o inconsistent, incompatible or unverifiable information;
- o information that is not timely; or
- o information that is too difficult to locate in a single, usable form when needed.

When President Reagan established the President's Private Sector Survey on Cost Control and asked it to identify waste and inefficiency in the Executive Branch of Government, he called on private sector executives to come into the various departments and agencies and look at them as if they were considering a merger or a takeover.

As the 161 leading business executives (and some 1,300 task force members) undertook a review of the Federal Government in response to this request, they found that key information regarding Government services, personnel, facilities, equipment, performance, and cost often was not available and, when available, was frequently out of date, inaccurate or incomplete. We found that such necessary information not only was unavailable at a Government-wide level, but also was unavailable at virtually every management level in every department and agency in the Federal Government. These information "gaps" made the concept of looking at the Federal Government as a merger or acquisition candidate impossible, since key information necessary to make a buy or no-buy decision was not available. In addition, it became evident to the private sector executives that critical information was missing not only with respect to making an acquisition decision but, more importantly, with respect to running the Government even if it were acquired.

Information gaps permeate virtually every department and agency of the Federal Government and every functional area. A detailed acquisition analysis appears on page 36 of this Report. A few highlights of the missing information include:

Financial and Accounting data...

- The Federal Government has over 300 separate accounting systems of which about only 60 percent have been approved by the General Accounting Office. None of these systems follows Generally Accepted Accounting Principles (GAAP) standards which are used in the private sector and by a growing number of state and local governments.

- The Federal Government does not have accurate debt status reports. In fact, the Veterans Administration's (VA) recovery rate for the debt collection activity is low because accurate information regarding the value and status of the debt owed the VA is not available (VA 3).

Financial Reporting Systems...

The Federal Government does not prepare balance sheets, statements of operations, statements of changes in financial position and cash flow, and interim financial statements. This lack of information results in:

- the Environment Protection Agency's inability to provide accurate and timely cost data (EPA 12); and

- the Urban Mass Transportation Administration's inability to process and monitor grant payments properly.

Project Management...

- Agencies have no cost accounting structure that permits the accurate tracking of all costs associated with publishing. Therefore, the agencies do not know what price to charge to recover costs (PPAV 2).

- The National Park Service does not know with certainty the costs of collection of their fees and therefore does not know what to charge to recover their costs (USER 4).

From the acquisition analysis it was clear that the information gap deficiency in Government is the result of a broad and systematic management failure. This failure is summarized below in terms of four roadblocks that halt orderly processes and a structural leadership void.

Roadblocks

- Identification -- The needed data for effective decision-making and management control are not identified, leaving management with too much data of the wrong kind or no data on which to base decisions.

- Quality -- The accuracy, timeliness or consistency of the data are poor, thus reducing its usefulness.

- Automated Data Processing (ADP) -- Once the data are collected, they must be processed into usable information with either manual or automatic systems.

- Analysis -- Even if good information is identified, quality data are captured, and the system processes the data properly, the information must be put to some purpose. If information is not utilized, management decisions are still hampered by an information gap.

Structural Void

- No one is attempting to coordinate the selection and flow of management information. Without an assignment of responsibility, overcoming the roadblocks cited previously is difficult.

These five systemic areas, four process and one structural failure, inflict costly mismanagement on the Federal Government. Although PPSS has not captured all of the information gaps in the Government, closing the gaps cited in this Report would lead to three-year cost savings and revenues of $78.6 billion. This dollar amount duplicates savings and revenues previously reported by PPSS and is presented to provide the reader with a perspective of the scope and significance of the problem.

Individual task forces recommended solutions to the information gaps they identified. In this report, we

recommend an overall program which, when implemented, will identify and solve additional information gaps and provide an institutional approach to continually evaluate the information flow in the Government. To achieve this institutional approach and these dollar amounts, a new information management process and structure are recommended:

Conduct an agency-by-agency needs assessment. This first step in the information management process involves identifying the information that is needed for effective decision-making. To identify an organization's information needs, a manager must establish the agency's critical success factors based on environmental trends and conditions, generally accepted private sector standards applicable to the organization, and organizational mission (INFO GAP 1).

Establish collection standards. This step requires establishing uniform standards for data collection in the areas of relevance, completeness, accuracy, timeliness and consistency (INFO GAP 2).

Adopt a systems approach to information processing. A systems approach entails a review of data and system interrelationships. Greater coordination in upgrading ADP systems and new acquisitions is essential to improved data flow. File structure standards and a software clearinghouse would contribute to greater efficiency (INFO GAP 3).

Improve utilization of existing data. This step involves an ongoing review and assessment of agency performance and sharing of relevant data between agencies. Computer matching is a major utilization tool available to Government managers to verify the accuracy of costs and payments (INFO GAP 4).

Implement a structure to facilitate the information management process. At present, interagency and interdepartment structural barriers impede effective information flow. An information management coordinator is needed to link the needs of the Executive Office of the President, departmental and agency leadership, and operating managers. The information coordinator would provide the needed liaison between operating personnel, technical experts such as Agency Information Resource Managers, and top-level decision makers (INFO GAP 5).

Summary

The information gap problem in Government permeates virtually every functional area -- finance, personnel, product management, manufacturing, distribution -- and

every department and agency in the Federal Government. Since the problem is so substantial and the Project Team has no reason to believe that all information gaps have been located, a simple listing of gaps to be closed would be misleading and incomplete. Instead, the Project Team recommends a systematic, incremental approach which establishes an ongoing structure and process to upgrade the information that Government decision makers have available to them.

I. INTRODUCTION

I. INTRODUCTION

In making any major decision with respect to its internal and external operations, the private sector relies heavily upon basic kinds of information which will allow it to make an informed and profitable decision. In undertaking its review of the Executive Branch of Government, the PPSS private sector executives found that such information was basically lacking. Indeed, one of the most critical problems which they identified on a Government-wide basis was that of "information gap."

"Information gap" is a collapse in the communication or reception of knowledge. This desired knowledge is far more than simple, raw data. Instead, it is data that has been translated into critical information via an information management process and structure. This Report is concerned with information that is regularly utilized in the private sector as a part of standard operating procedures to achieve accurate, timely and perceptive decision-making. An "information gap" may be the result of:

- too much information of the wrong kind;
- too little information of the right kind;
- inconsistent, incompatible or unverifiable information;
- information that is not timely; or
- information that is too difficult to locate in a simple form when needed.

Therefore, an information gap is critical information that is not gathered, not of sufficient quality, or not readily accessible to decision makers in the Federal Government.

These simple sounding yet often deceiving communication failures lead to costly mismanagement in the Government. For example, the PPSS Task Force on the Office of the Secretary of Defense found that critical information on inventories is not accurate or timely in the Department of Defense leading to excessive stock buildup and unnecessary obsolescence. This information deficiency will cost tax-

payers $6.1 billion over the next three years (OSD 2).* In a different part of the Government, the PPSS Low Income Standards Task Force reported that inconsistent and unavailable data makes income verification for needs based programs difficult. This lack of information resulted in overpayments of $4.1 billion in 1982 (LISAB 4). As these two examples -- of more than 125 contained in this Report -- demonstrate, information deficiencies lead to costly mismanagement.

Marion Harper, Jr., formerly the president of a major international advertising agency, once noted, "To manage a business well is to manage its future; and to manage its future is to manage information."1/ The technological revolution of the last 30 years has made a vast amount of new information available to managers. Computers, photocopiers, orbiting satellites that allow instant teleconferences across time zones and continents, personal computers the size of typewriters which can handle more data than major systems the size of small houses could handle 20 years ago, videotape recorders, and other new technologies have radically altered the amount, type and speed at which information is available to the modern manager. In the midst of this technological revolution, many corporations are investing considerable management energy to harness information better and improve decision-making. Based on our review, the Project Team concluded that the Federal Government does not manage its information well and that managing it better could save at least $78.6 billion over three years.

To assess the extent of the information gap problem in the Federal Government, the Special Report Team on Information Gap reviewed all 36 task force reports and the Management Office Selected Issue Reports (MOSIR) released as of November 8, 1983. The review was undertaken to collect the primary examples of information deficiencies that affected management decision-making.

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* Throughout this Report, the information gaps are referenced by a short abbreviation. In this case, "(OSD 2)" refers to the second issue in the Office of the Secretary of Defense Task Force Report. A listing of task forces and their abbreviations appears in the table of contents to the Appendix, which is contained in this volume.

1/ Philip Kotler, "Marketing Management, fourth edition, (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1980), p. 601.

Once the initial examples were collected, the appendices to selected reports were also reviewed. Where appropriate, project managers were contacted to verify details of specific findings, since the "information gap" per se was not a central focus of the task force reviews. Task forces were not asked and most made no effort to catalog examples of information deficiencies. Instead, discussion of information gaps were included in the task force reports only when the task force determined the deficiency to be a major hinderance to efficient, effective management of the particular area under review. Consequently, the PPSS reports do not contain an exhaustive review of information problems in the Government.

The net effect of the review was the establishment of PPSS compendium of information gaps, which appears in the Appendix Section of this Report. The compendium contains 127 specific information gap citations, from 40 of 41 task force reports and MOSIRS, affecting issues with $78.6 billion in three-year cost savings and revenue enhancements.

The compendium provided the Project Team with a data base from which an analysis of the components of the information gap was possible. The first level of analysis involved a preliminary acquisition analysis, similar to the type of review a private sector firm would conduct in the early stages of considering an acquisition or merger. The review encompassed a wide range of functional areas including financial and accounting data, reporting systems and procedures, organizational structure, industrial relations (personnel), marketing and manufacturing.

This acquisition analysis revealed that information gaps exist in every functional area explored and permeate virtually every department and agency of the Federal Government. The number of information gaps by functional area appears in the following table:

Function	Number of Citations
Financial	42
Personnel	14
Facilities	10
Materiel	27
Benefit Programs	20
Support Services	14
Total	127

From this acquisition analysis, it was clear that too little specific information exists to properly evaluate the quality of the acquisition candidate. In fact, the informa-

tion deficiency is so great that operating the Government if it was acquired would be all but impossible. Consequently, the candidate would be rejected. A summary of the acquisition analysis appears in Exhibit II-1 which begins on page 36 in this Report.

Additionally, the acquisition analysis shows that the information problem is so broad and pervasive that it ~~could~~ only be the result of an ongoing, systematic management failure. Based on the size of the problem, the fact that all of the information gaps had not been captured in the PPSS task force reports, and the constraints on time and resources available for this Report, the Project Team concluded that any effort to offer specific recommendations to resolve each information gap located by the task forces would result in nothing more than treating the symptoms of the problem rather than its causes. In effect, such a piecemeal approach would only further exacerbate the problem. Instead, the Project Team chose to address the more fundamental, systematic causes of the management failure that has led to such a vast problem. Consequently, this report focuses on how to attack such a large and pervasive problem in an incremental and rational manner.

To establish an incremental approach to solving the information gap dilemma, a second level of analysis was required. To understand what goes wrong where and why it happens, the second level of analysis focused on the principal failures of the present system. From this analysis, the Special Report Team concluded that there are two fundamental, systematic failings contributing to the information gap in Government: roadblocks and leadership voids.

- Roadblocks halt processes. Four major roadblocks prevent effective translation of raw data into management information.

- A leadership void exists. This void allows too much raw data to reach top decision makers (massive data flow), and data are not tailored to the different needs of the various levels of management.

Roadblocks Halt Processes

The four major roadblocks preventing effective translation of raw data into management information are identification, quality, systems and analysis.

IDENTIFICATION -- Needed data for effective decision-making and management control are not identified, leaving management with too little specific information or too much raw data on which to base decisions. For example, the Army does not know how much it costs to operate its Learning Resource Centers; therefore, a management analysis of how cost effective this form of training is as compared with other forms is impossible (ARMY 9).

QUALITY -- The accuracy, timeliness or consistency of the data is poor, thus reducing its usefulness. For instance, officers in the Small Business Administration receive "30 days and over" past due notices five to six weeks after the fact, diminishing the ultimate collectability of many past due loans (SBA 2).

AUTOMATED DATA PROCESSING (ADP) -- Once the data are collected, the next step involves processing it into usable data with either automatic or manual systems. If the system does not function accurately and in a timely manner, efficient management is not possible. The Government has 17,000 incompatible computers. They cannot "talk" to one another, making the dissemination and comparison of much data impossible (ADP 1).

ANALYSIS -- Even if the data are identified, quality data are captured, and the system functions properly, an information gap can occur by simply failing to analyze the data. The PPSS Procurement Task Force found that vendor experience data are collected but are not often utilized, leading to repeat business with unsatisfactory vendors (PROC 19).

A Leadership Void Exists

The second systemic failing of the management information system in the Federal Government is that no one is coordinating or managing the information needs of decision makers. The efforts that do exist tend to focus narrowly on computers as machines rather than the more important issue of how to get a critical piece of data from one operating unit of an agency processed and captured, translated into useful information, and transmitted to the appropriate decision maker. This void results in inundating managers with an overabundance of data and the identical report going to different managers with different needs. The PPSS Air Force Task Force Report notes that the Air Force is unable to get the essential information it needs on inventory management. The primary reason for this problem is that the 104 archaic computers generate some 500,000 pounds of paper each month,

or six million pounds per year, at the Air Force logistics centers. Such massive information flows raise the question of whether anyone benefits from all that paper (USAF 13).

Additionally, under the current management information system, data are often not tailored to the level of management involved or the type of decision to be made at that level. For the purposes of this analysis, three fundamental levels of management are relevant: Executive Office of the President (EOP), department/agency leadership, and operating line managers. Federal vehicle management is a good example of the concept that different levels of management require different information. EOP needs to know the historical trend of vehicle costs and unit growth of vehicles over a five-year period, with a comparison of data across departments and agencies. The individual department and agency leaders need to know the specific costs by divisions, how many cars there are and for what purpose the cars are used in their area of responsibility in order to uncover inefficient operations. The operating line manager needs to know how many cars exist by age in terms of months and miles of operation, to plan maintenance and spare parts requirements. Clearly, the information needs of each of the three levels are different.

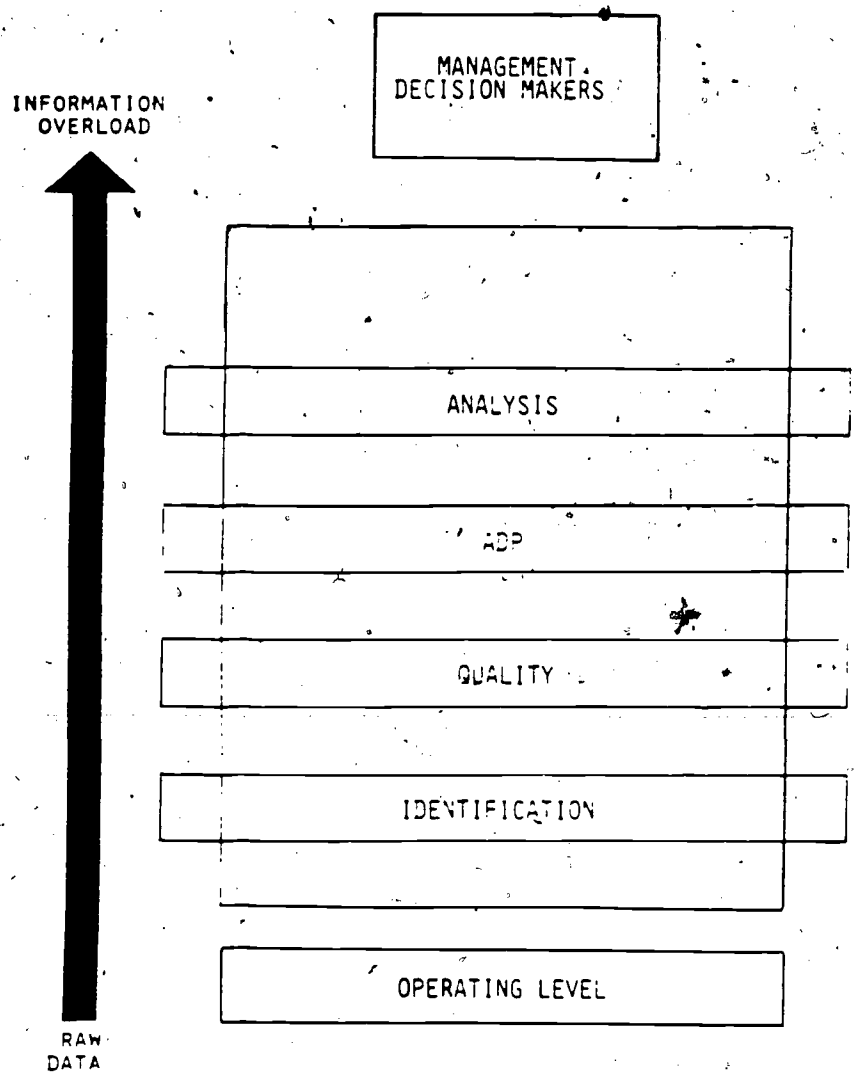
These two fundamental, systematic failings of the present management information system and their implications are summarized in Exhibit I-1.

[Exhibit I-1 on following page]

Exhibit I-1

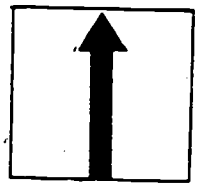
THE INFORMATION MANAGEMENT PROBLEM IN THE FEDERAL GOVERNMENT

PROBLEM:
INFORMATION MANAGEMENT ROADBLOCKS

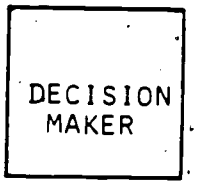


IMPLICATIONS:

. ROADBLOCKS -- IMPEDE DATA FLOW. ANY ONE ROADBLOCK CAN PREVENT THE RIGHT DATA FROM REACHING THE RIGHT MANAGER AT THE RIGHT TIME. EACH ROADBLOCK MUST BE OVERCOME TO INSURE EFFECTIVE DECISION MAKING.



TOO MUCH RAW DATA OVERWHELMS DECISION MAKERS. ONLY THE MOST CRITICAL DATA SHOULD REACH THE DECISION MAKER.



INDIVIDUAL NEEDS OF DIFFERENT MANAGEMENT LEVELS NOT RECOGNIZED. DATA REPORTS MUST BE TAILORED TO SPECIFIC MANAGER NEEDS.

The Solution:
An Information Management Process and Structure

To overcome the failings of the present management information disfunction, the Project Team concluded that an information management process and structure must be implemented. This "information management" system would be:

> a structured, interacting complex of persons, technology, and processes designed to generate an orderly flow of pertinent information, collected from both intra- and extra-department/agency sources, for use as the basis for decision making in specified areas of management responsibility.[2/]

The information management system is designed to allow each department and agency to determine its own needs relevant to its individual mission and within the general goals of the Office of Management and Budget or the proposed Office of Federal Management. The system is not intended to create a massive program that cannot move forward until every department or agency is onboard. Instead, a practical and incremental system is recommended. Section II of this Report is a detailed presentation of this system. A brief summary of the system follows.

Process

To overcome the process problems in the Federal Government, it is necessary to recognize that any one of four roadblocks -- identification, quality, ADP and analysis -- can prevent raw data from becoming useful management information. Therefore, each of the roadblocks must be viewed as a hurdle that should be monitored and avoided. More importantly, the manager should establish a process to overcome each roadblock. Each of the steps in the recommended Information Management Process is highlighted below.

IDENTIFICATION ROADBLOCK → NEEDS ASSESSMENT PROCESS

The first step in the Information Management Process involves identifying the information that will ultimately be needed for effective decision-making. This step lays the foundation for subsequent steps in the process. To identify

2/ See Samuel V. Smith, Richard H. Brien, and James E. Stafford, eds., Readings in Marketing Information Systems (Boston: Houghton Mifflin Company, 1968), p. 7.

an organization's information needs, a manager should have an understanding and knowledge of:

- o the organization and its critical success factors,
- o environmental trends and conditions, and
- o generally accepted private sector standards applicable to the organization.

QUALITY ROADBLOCK → COLLECTION PROCESS

Once an organization's information needs have been identified, the next step is the physical collecting of data. This step is important to the process because the types and quality of the data collected will ultimately affect the information produced. It is difficult to produce useful and sufficient information without the right data input. Simply stated, this concept is the "garbage-in, garbage-out" issue. This step requires establishing standards for data collection along such dimensions as relevance, completeness, accuracy, timeliness and consistency.

ADP ROADBLOCK → SYSTEMS PROCESS

Once the data are collected, the data are processed into usable information. Data processing is accomplished via systems, both manual and electronic. This step also recognizes the importance of not only what is processed, but also the dissemination of the data once it is processed.

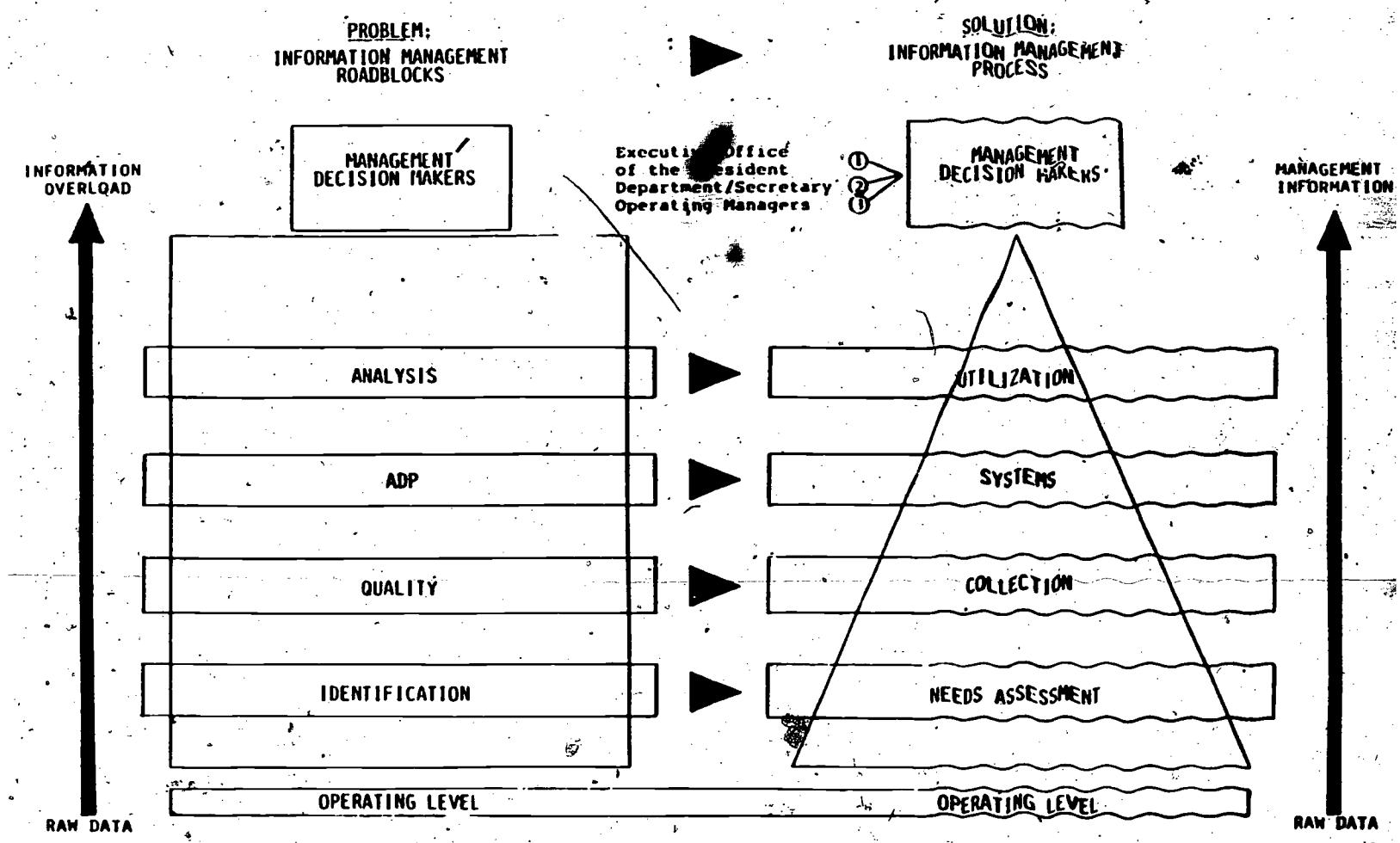
ANALYSIS ROADBLOCK → UTILIZATION PROCESS

If the right data are collected and processed, it still must be utilized to accomplish the end goal: effective management control and decision-making. This step recognizes that fundamental information utilization possibilities include ongoing trend analysis and computer matching.

A critical element of this process is the control of the amount of data that reaches decision makers and what information reaches which decision maker. This concept is basic to avoiding information overload. These steps of the process and their implications are summarized in Exhibit I-2:

[Exhibit I-2 on following page]

Exhibit I-2
THE INFORMATION PROBLEM AND ITS SOLUTION



IMPLICATIONS:

ROADBLOCKS

ROADBLOCK TO SUCCESSFUL INFORMATION MANAGEMENT PROCESS. ANY ONE ROADBLOCK CAN PREVENT THE RIGHT DATA FROM REACHING THE RIGHT MANAGER AT THE RIGHT TIME FOR EFFECTIVE DECISION MAKING.

□ VS. △

THE AMOUNT OF DATA REACHING THE MANAGER. TOO MUCH DATA REACHING THE MANAGER RESULTS IN INFORMATION OVERLOAD AND THE FAILURE OF THE INFORMATION MANAGEMENT PROCESS.

○

LEVELS OF MANAGEMENT DECISION MAKERS. EACH LEVEL OF MANAGEMENT HAS DIFFERENT AND SPECIFIC INFORMATION NEEDS. SUCCESSFUL INFORMATION MANAGEMENT INVOLVES GETTING THE EXACT DATA REQUIRED TO THE PROPER MANAGER.

Structure

When a new focus or process is desired in an organization, the structure of the organization must change to facilitate the new process and to help the organization break out of its former way of doing business. In the private sector, a business that reaches maturity would most likely shift to tighter budgeting, stricter controls and new performance-based incentive systems. Different management variables such as accounts receivable might become more important than they were prior to reaching maturity.[3/] These shifts in focus require new organizational structures to promote the change.

The purpose of structure is to facilitate process and to institutionalize it as a part of the organization's culture. To achieve a particular focus, such as an information management process in the Federal Government, the Project Team concluded that all levels of the Government management structure must be given a vested interest in the process. Therefore, a new information structure is recommended to monitor and manage information flow, coordinate the data needs of each of the three levels of decision makers, and facilitate and institutionalize the recommended process.

The recommended structure includes a Presidential task force and department/agency information management coordinators. The elements of structure (assignment of responsibility, staffing levels, liason functions, rules and procedures, and incentives) and their linkages to process are represented in Exhibit I-3.

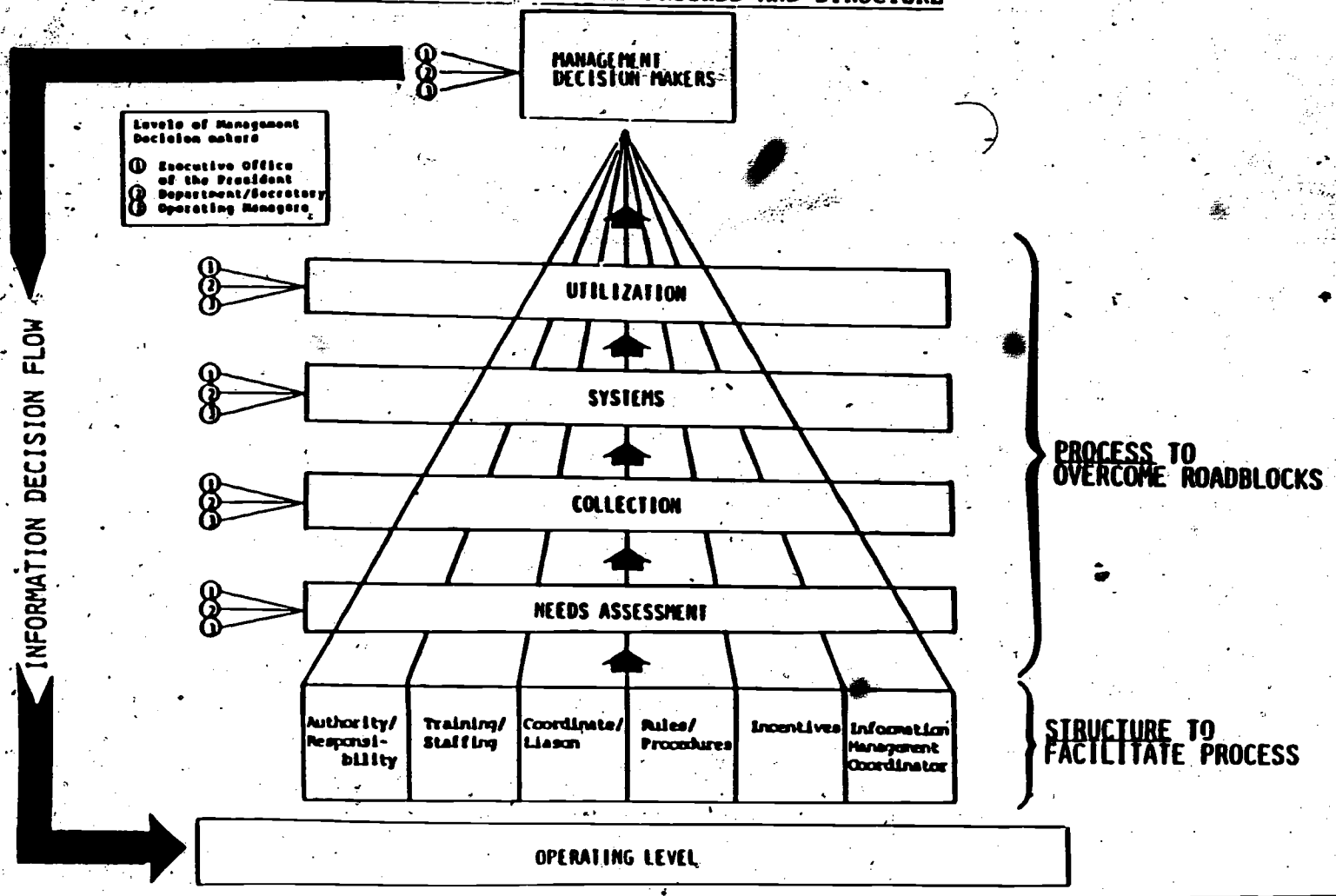
Exhibit I-3 presents an overview of the major aspects of the recommended "Information Management Process and Structure." This process and structure stand between the operating level and management decision makers. There is a data flow from the operating level to the decision makers at each relevant level. The information management processes and structure translate the data flow into an information flow by selecting and refining the data into information for the decision makers. With this information, decision makers develop plans and implement programs which enter an information decision flow that goes back to the operating level to repeat the process.

[Exhibit I-3 on the following page]

3/ Michael Porter, Competitive Strategy: Techniques for Analyzing Industries and Competitors (New York: The Free Press, 1980), p. 250.

Exhibit 1-3

AN INFORMATION MANAGEMENT PROCESS AND STRUCTURE



	PROCESSES	△	○	□
IMPLICATIONS:	OVERCOME MAJOR ROADBLOCKS. EACH PROCESS IS AN INTER-RELATED, ESSENTIAL STEP TO THE ORDERLY FLOW OF INFORMATION.	AMOUNT OF DATA REACHING THE MANAGER. MUST LIMIT THE AMOUNT OF DATA FLOW TO AVOID INFORMATION OVERLOAD.	LEVEL OF MANAGEMENT DE-CISION MAKER. EACH LEVEL LINKS TO BOTH EACH PROCESS AND FINAL INFORMATION RECEIVED.	STRUCTURE TO FACILITATE PROCESS. STRUCTURE BRINGS A FOUNDATION AND COORDI-NATION TO THE PROCESS.

An Overview of the Report

The Information Gap Report contains five issues. There are four procedural issues, INFO GAP 1 through INFO GAP 4, and one structural issue, INFO GAP 5. Each issue explores the causes and solutions involved in the general discussion of the information gap problem.

The first issue, INFO GAP 1, recommends conducting an information needs assessment by each Federal agency and department to select the four to six critical success factors most important to the solution of particular information management problems.

INFO GAP 2 proposes establishing uniform reporting standards for data accuracy, timeliness and completeness. The data quality problem can be best addressed by standardization of the data collection process.

INFO GAP 3 emphasizes greater coordination of ADP systems acquisitions (including long-range planning and anticipation of future ADP needs) and the establishment of a Federal software clearinghouse. This will alleviate the present unsatisfactory conditions of Federal ADP systems -- and enable those systems to furnish information to Government decision makers faster and dependably.

INFO GAP 4 advocates increasing the use of computer matching (information utilization) by all Federal agencies and departments. This action will greatly improve information analysis by the Federal Government, resulting in more efficient utilization of Government resources.

INFO GAP 5, the structural issue, stresses the appointment of a Presidential task force to study the information management process, provide coordination between departments and agencies, and oversee the implementation of recommendations contained in this Report. The task force would refine and promulgate its own suggestions while encouraging continuing interest in improved information management.

Exhibit I-4 provides an overview of issues and recommendations in the Information Gap Report.

[Exhibit I-4 on the following page]

Exhibit I-4

OVERVIEW OF INFORMATION GAP REPORT

PROBLEM:	SOLUTION:	ISSUES AND RECOMMENDATIONS:
IATION MANAGEMENT ROADBLOCKS	INFORMATION MANAGEMENT PROCESS AND STRUCTURE	
LEADERSHIP VOID	STRUCTURE	INFO GAP 5: APPOINT A PRESIDENTIAL TASK FORCE TO SELECT GOVERNMENT-WIDE CRITICAL SUCCESS FACTORS. DESIGNATE DEPARTMENTAL/AGENCY INFORMATION FLOW MANAGERS.
ANALYSIS	UTILIZATION	INFO GAP 4: EXPAND THE USE OF COMPUTER MATCHING TECHNIQUES TO ALL DEPARTMENTS AND AGENCIES.
ADP	SYSTEMS	INFO GAP 3: COORDINATE ADP SYSTEMS ACQUISITION AND ENHANCEMENT WITH RESPECT TO TOTAL GOVERNMENT NEEDS. IMPLEMENT SOFTWARE CLEARING HOUSE.
QUALITY	COLLECTION	INFO GAP 2: ESTABLISH REPORTING STANDARDS TO INSURE ACCURACY, TIMELINESS, COMPLETENESS, UNIFORMITY.
ENTIFICATION	NEEDS ASSESSMENT	INFO GAP 1: CONDUCT AN INFORMATION NEEDS ASSESSMENT OF EACH DEPARTMENT AND AGENCY. SELECT 4-6 CRITICAL SUCCESS FACTORS.

II. ISSUE AND RECOMMENDATION SUMMARIES

II. ISSUE AND RECOMMENDATION SUMMARIES

A. PROCESS

INFO GAP 1: INFORMATION NEEDS ASSESSMENT

Issue and Savings

Can the process of information needs assessment -- the determination of the right information needed -- assist in improving information management in the Federal Government? In the context of this issue, the "right information" needed is defined as the most critical information required for successful management of an organization. In this issue, the Project Team addresses the question of how to decide what information is most critical for different departments and agencies based on similar private sector success factors.

Recommendations in the PPSS task force reports to correct the information gap problems related to this issue provide opportunitites for three-year savings and revenue of $22.8 billion ($17.4 billion when information gaps cited in other issues in this Report are netted out).

Background

Information needs assessment is the first step in the Information Management Process and involves identifying the information that will ultimately be needed for effective decision-making. This step lays the foundation for subsequent steps in the Information Management Process.

The private sector has long grappled with the problems of poor information needs assessment. There are few private managers who, at one time or another, have not experienced information explosion -- too much information that leads to spending an inordinate amount of time sorting out the critical information from the not-so-critical. After sorting through the reams of information reports, managers often discover much of the information available to them is incomplete and irrelevant for the purpose of management decision-making. Other problems confronting managers include an overemphasis on hard versus soft information, and vice versa. There is often an overreliance on internally versus

externally generated information. Internally generated information can be useful to monitor the performance of current operations; yet it is important not to ignore external information sources when formulating future strategies and tactics, and the deployment of organizational resources.

Because of these and other problems stemming from an inadequate information needs identification, increasing attention has been devoted to assessing the critical information needs of organizations. Private companies have instituted both formal and informal systems that facilitate the information needs assessment process. Much attention has been devoted to the area in business and management information literature.

The depth, breadth and scope of Federal Government operations argue that problems relating to information needs identification are likely to reside with Federal organizations as well as with private sector organizations. Thus, it would seem worthwhile to conduct a search for and analysis of information problems confronting Federal organizations which stem from a poor identification of critical information needs.

Methodology

In analyzing the process of information needs assessment and its application in the Federal Government, the following sources were utilized:

- review of the PPSS task force reports and selected issue reports of which 23 contain information gaps relevant to this issue;
- review of selected general business periodicals and publications; and
- discussion with PPSS task force members.

Findings

When President Reagan asked Mr. J. Peter Grace, Chairman and Chief Executive Officer of W.R. Grace and Co., to serve as the Chairman of the Executive Committee of PPSS, he directed Mr. Grace to search out waste and inefficiency in the Executive Branch of the Government and to recommend ways in which modern business practices could be put to work to make Government more efficient and effec-

tive. He asked Mr. Grace to come into the various departments and agencies and look at them as if considering a merger or takeover.

In preparing the acquisition analysis, the Project Team found that the real acquisition story is not what the Government knows about itself and needs to improve, but rather what basic information it does not have which prohibits it from efficiently improving its operations. The following areas were considered in preparing the acquisition analysis of the Government:

- o financial and accounting data;
- o financial reporting systems and accounting procedures and controls;
- o organization -- industrial relations;
- o marketing -- products; and
- o manufacturing -- distribution.

As the PPSS task forces moved into the departments and agencies to conduct the analysis the President requested, it quickly became clear that the basic information needed to consider the Government as a merger or acquisition candidate is not available. Key information regarding Government services, personnel, facilities, equipment, performance and costs is simply not obtainable, or when obtained, is frequently out of date, inaccurate or incomplete. The availability of such key information is fundamental to the successful assessment of the performance, health and operation of any organization. Without such information, decision-making is relegated to guesswork.

The following examples highlight the kinds of deficiencies the private sector executives found when they tried to acquire the necessary information for purposes of evaluating the acquisition decision. The facts are drawn from PPSS Reports released as of November 8, 1983, and they demonstrate the pervasive nature of the information gap problems in the Federal Government.

1. Financial and Accounting Data

- o The Department of Justice has insufficient information to effectively carry out its mission of collecting the Federal Government's accounts receivables (JUSTICE 1).

- In the Department of Defense (DOD), data systems on $40 billion worth of inventories for the military services are not compatible (OSD 2).

- The General Services Administration (GSA) lacks internally generated, reliable management information on fixed assets such as buildings and land (PROP 1).

2. Financial Reporting Systems and Accounting Procedures and Control

- Poor internal controls at the Social Security Administration (SSA) have led the SSA's suspense file of any wage item which cannot be posted to an individual's account to increase to about 138 million items valued at $89 billion (HHS-SSA 3).

- The Air Force Logistics Command (AFLC) utilizes 104 archaic and costly computer systems that do not provide up-to-date accurate information to manage a $24.5 billion inventory (USAF 13).

- The GSA's budget planning is based on very crude estimates and on data that reflect private sector data rather than Government experience (CONST 23).

3. Organization -- Industrial Relations

- Agencies do not use a comprehensive, standard definition for employee benefits and consequently generally understate personnel costs in program cost analyses (PER-FURTHER STUDY 2).

4. Marketing -- Products

- The Pension Benefit Guaranty Corporation, which operates one of the Federal Government's 928 entitlement programs, is unable to publish verifiable financial statements (BANK 4).

- Most National Park Service (NPS) area offices estimate fee collection costs, but the NPS cannot devise a rational system of user fees since there is no separate accounting code for collection costs (USER 4).

5. Manufacturing -- Distribution

- While $4.6 billion was spent by Executive agencies on freight transportation, management information systems cannot consolidate Government-wide shipping data, hampering the Government in its negotiation of freight discounts with carriers (TTM 3).

These selected examples are drawn from a more extensive acquisition analysis which appears in its entirety in Exhibit II-1 at the end of this issue. More detailed discussions of the information gaps listed in Exhibit II-1 can be found in the Appendix to this Report.) These examples are listed to illustrate the existence and pervasiveness of information gaps in the Federal Government.

An excessive amount of information is produced by some departments and agencies, which seems to be of little value or use to Government decision makers. In fact, this proliferation of information tends to impede rather than facilitate the management information process. For example, AFLC's obsolete and costly ADP systems number 104 and do not provide up-to-date or accurate information, yet they generate some 50 tons of paper each month at each of the AFLC's five air logistics centers -- 500,000 pounds of paper each month or six million pounds per year (USAF 13).

For each of the past 17 years, GSA has converted paper and computer tapes detailing the properties owned and leased by Federal agencies into a series of bulky volumes. The annual report is a 2,000- to 3,000-page document that is unusable by Federal decision makers because the individual data points about any one property are not integrated.[1]

The Farmers Home Administration's (FmHA) approximately 2,300 state, district and county offices report monthly, quarterly and semiannual data that are used to develop management information in the areas of program support and administration. In addition, FmHA's Finance Office issues about 125 management-type reports generated from its accounting and data processing functions. Despite this proliferation of management information, it is extremely difficult to obtain information on the condition of FmHA's

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1/ "GSA Gathers Volumes of Data on Federal Property Holdings: Answers to Unasked Questions," Myron Struck, The Washington Post, May 28, 1983, p. E10.

loan portfolio and borrowers, and to effectively and efficiently manage the portfolio and the agency (AG 2).

The private sector has focused its attention on information overload since the early years of the computer revolution. Many managers have experienced information systems that produce an excessive amount of information only to discover that very little of the information is useful in the performance of their jobs. In "Management Information Crisis," D. Ronald Daniel analyzes the information needs of managers and concludes that "a company's information system must be discriminating and selective. It should focus on 'success factors.' In most industries there are usually three to six factors that determine success; these key factors must be done exceedingly well for a company to be successful."2/

Therefore, "critical success factors" are the limited number of areas in which:

- satisfactory results will ensure successful performance,
- all must go well to succeed,
- constant and careful management attention is essential, and
- the current status should be continually measured and reported.

Critical success factors focus on the needs of individual managers and take into consideration the fact that information needs vary both from manager to manager and across time. Critical success factors support organizational goals and assist in focusing management attention on specific areas. The following table shows critical success factors as they link to organizational goals in two for-profit organizations and a nonprofit organization.

[Table II-1 on following page]

2/ See D. Ronald Daniel, "Management Information Crisis," Harvard Business Review, September-October 1961, p. 116.

Table II-1

POSSIBLE INDUSTRY GOALS AND CRITICAL SUCCESS FACTORS 3/

Profit status	Goals	Critical Success Factors
For-profit Concern	o Earnings per share o Return on investment o Market share o New product success	Automotive Industry o Styling o Quality dealer system o Cost control o Meeting energy standards Supermarket Industry o Product mix o Inventory o Sales promotion o Price
Nonprofit Concern	o Excellence of health care o Meeting needs of future health care environment	Government Hospital o Regional integration of health care with other hospitals o Efficient use of scarce medical sources o Improved cost accounting

3/ See John F. Rockart, "Chief Executives Define Their Own Data Needs," Harvard Business Review, March-April 1979, p. 86.

Important external information is not monitored, particularly as it relates to environmental trends and conditions potentially impacting on Federal Government organizations. As a result, poor decisions are made concerning the direction of program activities and the deployment of organizational resources. For example, when making cost projections on major weapons systems, the Army commonly fails to adjust costs to economic influences such as inflation. As a result, the Army is recording unrealistic estimations of program costs, leading to incorrect conclusions regarding cost overruns and cost growth (ARMY 10).

Additional examples of the lack of environmental monitoring and its consequences are listed below:

- The Veterans Administration (VA) Construction Program fails to take into account geographic trends among the veteran population resulting in ill-planned locations and sizes of VA hospitals (HOSP 5).

- The Department of Agriculture fails to take into account demographic changes -- age, sex and family size -- when determining food stamp benefit allotments. As a result, benefits are distributed well beyond stated requirements (AG 9).

- DOD's scanning of technological developments is not well coordinated with the Department's weapons acquisition process. In fact, operational forces lack some understanding of the potential value and limitations of emerging technologies before DOD managers commit specific technologies to weapons systems programs. As a result, engineering development is not cost effective (OSD 19).

The efforts and information requirements of Government organizations are often aimed at getting the job done effectively without due consideration to getting the job done efficiently. Considerable time and effort is committed to what is to be done, but rarely is a comprehensive post audit conducted. In the private sector, post audit followup is considered to be a critical element in assessing the success or failure of a project. This goal orientation is particularly evident as it relates to Government grant distribution, where the emphasis is commonly placed on getting the grants out quickly, rather than getting the grants out accurately and efficiently, as well as managing other

related functions. The Urban Mass Transportation Administration (UMTA) provides financial assistance to municipalities and transit authorities throughout the U.S., chiefly through grants. UMTA lacks accurate, complete, and current information for processing and monitoring grant applications, for accounting for apportionments, obligations, and disbursements, and for developing budgetary and other reports to the Congress (TRANS 3). A similar problem arises with check disbursements. For example, of the 28,000 pension checks distributed monthly by the Pension Benefit Guaranty Corporation, only 18,000 are verified as correct. The remaining 10,000 are estimated, and no one knows whether they are accurate (BANK 4).

In the Economic Development Administration (EDA), officials concede that EDA's emphasis has been on granting new loans to business rather than collecting on old ones. EDA has loans and loan guaranties totaling over $1 billion (COMMERCE 5). In the Department of Education, the basic ledger system focuses on disbursement data and does not perform the usual private sector function of controlling assets and liabilities. Thus, the Department could not accurately monitor accounts receivables and outstanding obligations even if it wanted to (ED 2).

Federal Government department and agency managers do not analyze daily operating positions on an ongoing basis. This practice inhibits informed and effective decision-making because essential information (such as employee or program performance data, inventory levels and cash balances) is not available. This information gap needlessly increases Government operating costs, resulting in greater tax burdens. The PPSS Federal Management Systems Task Force found a general failure to identify management objectives and related financial information requirements at the central government and department and agency levels. In fact, the task force concluded that many key management decision makers lack an understanding of how to use financial information to monitor and direct their operations. Specific examples include:

- The Department of Interior's cash management system is so inadequate that it often takes more than two weeks to collect, record and deposit payments. Comparable private sector processing is usually accomplished in one or two days. As a result of the time lag (a period during which the cash position is unknown), the Treasury does not have use of the funds and must borrow to fulfill short-term cash needs, incurring interest expenses (INTERIOR 9).

- Agency and department accounting systems have not been developed to provide cash management accounting processes or cash flow forecasting capabilities. Cash management has taken place in an after-the-fact recording of data used primarily for the next year's budget allocations. As a result, critical financial data are not available on an ongoing basis (ASSET 8).

- Reliable information on the work force requirements of Federal agencies is not available, resulting in the absence of a uniform work force planning system and a lack of budgetary input into the planning system (PER 18).

The Government does not have a management agenda, such as a strategic plan or basic operating objectives. The closest document the Federal Government has to a central management agenda is the short-term, one-year budget which forces little analysis and almost no long-range planning.

The first step in the budget process is the formulation of the President's budget, which begins 19 months before the fiscal year in question is to begin. Once the President's budget is submitted in January, the Congress has nine months to approve a final budget or operate the Government on a temporary appropriation basis. To keep the budget on schedule, a series of action deadlines exist for a variety of Congressional subcommittees as set under the Congressional Budget Act of 1974. Even with these deadlines and the detailed procedures, the Government has begun the fiscal year without a budget for the last several years.

Even when a budget is in place, it does not provide a management agenda against which performance analysis or long-range planning can be conducted. One of the reasons for this analysis gap is that the budget does not report all of the Government's obligations. The PPSS Management Office Selected Issue Report on Federal Government Financial Management estimates that the official budget captures only 46.8 percent of total FY 1984 Federal expenditures. Managing an organization with an instrument that captures less than one-half of all of its commitments is impossible.

Government managers often oversee operations that are similar to operations performed in the private sector. Yet there is compelling evidence to suggest that Government managers lack information on the generally accepted private sector practices pertaining to their operations. This often contributes to Government operations being run in a less

efficient and effective manner than their private sector counterparts. For example, travel procurement is decentralized and fragmented to the point that publicly available travel information and rates are not regularly available to Government travel professionals in a timely manner. As a result, the Government does not maximize usage of special travel rates or negotiate special volume discounts as the private sector typically does (TTM 1).

GSA does not audit freight charges prior to payment as is standard in the private sector. GSA audits freight bills 18 months after payment. In fact, GSA does not know the total freight charges represented by the bills it receives for audit nor the total freight charges on the bills on which overcharges are identified (TTM 4).

A sample listing of other private sector standards that are applicable but not utilized in Federal operations include:

- Inadequate data are prepared to monitor the costs, quality, level of subsidization, or the average yield of the Government portfolios (ASSET 23).

- Copying and duplication equipment, volume of copies, and expenses incurred are unknown, leading to uneconomic acquisition and unmanaged utilization (PPAV 6).

- Informati[illegible] does not exist on total Federal post-ag[illegible] ma[illegible]l-related expenses, and information on ma[illegible]g procedures is not widely disseminated to Government offices. As a result, some Government mailings are shipped at higher classifications than necessary in uneconomical packages without using bulk mail discounts (PPAV 4).

Conclusions

The acquisition analysis presented in the first finding of this issue demonstrates that the basic information necessary to make a buy/no buy decision on the Federal Government is not available or, when it is available, is untimely, [illegible]curate or incomplete. Pa[illegible]ticularly disturbing to t[illegible] oject Team is that so little critical information on financial position, organizational strengths, product management and manufacturing is available that the Government would be unmanageable if it were acquired. PPSS would not acquire the Government.

Information problems relating to poor information needs identification pervade the Federal Government. Excessive information is produced and is often irrelevant to the true information needs of Federal managers. It tends to impede rather than facilitate management decision-making. There is also a lack of collection of external information such as a failure to monitor environmental trends and conditions. Much of the data collected is budget-driven, leaving operating managers without a management agenda. Further, information collected commonly reflects an unbalanced goal orientation among Federal operators to get the job done, rather than cost-effectively.

The results of these problems are clear. Government decision makers commonly lack the critical information necessary to effectively monitor the performance of current operations, to effectively formulate future-oriented plans, and to effectively deploy organizational resources.

To improve management efficiency and bring cost under control major improvements must be made in information collection and reporting. Such improvements will not be easy. The pervasiveness of the problem demands an immediate and thorough organization-by-organization review of the critical information that is needed to effectively manage each organization.

Recommendations

INFO GAP 1-1: The Office of Management and Budget or the proposed Office of Federal Management should establish an Information Needs Assessment Process via the Critical Success Factor technique for use by Federal Government managers. This Information Needs Assessment Process should contain five specific steps:

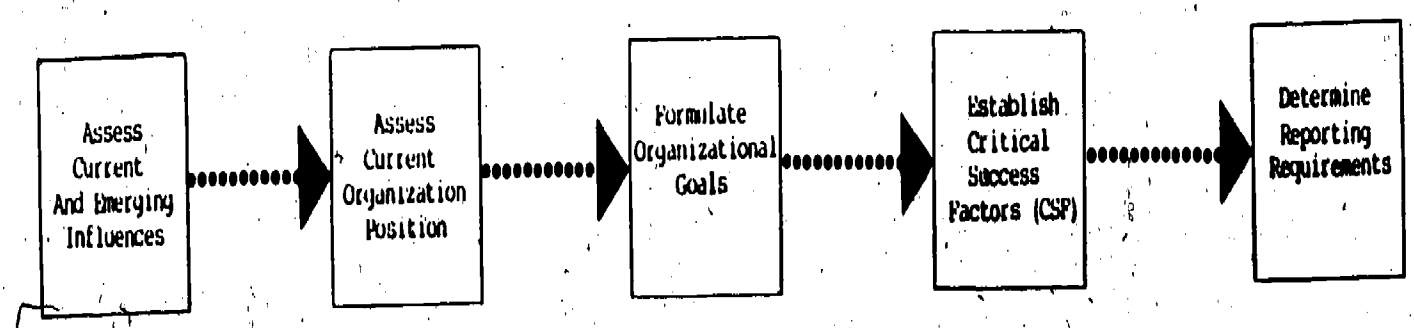
1. Assess current and emerging influences.
2. Assess current position of the department or agency.
3. Formulate organizational goals.
4. Establish critical success factors.
5. Determine reporting requirements.

These five steps are outlined in Table II-2, which appears on the following page.

[Table II-2 on following page]

Table II-2

INFORMATION NEEDS ASSESSMENT VIA THE CRITICAL SUCCESS FACTOR TECHNIQUE



Assess Current And Emerging Influences

- Environmental Segments Potentially Affecting the Organization
  - Technological
  - Social
  - Political
  - Regulatory
  - Economic
  - Natural
  - Manpower
  - Consumer
    - Geographic
    - Demographic
- Constituent Expectations
  - Internal
  - External
- Temporal Conditions

Assess Current Organization Position

- Organization Mission
- Programs and Strategies Currently in Place to Fulfill Mission
- Program and Strategic Inputs
  - Budget $ Amounts
  - Personnel
  - Material
  - Management Attention

Formulate Organizational Goals

- Effectiveness Orientation
- Efficiency Orientation
- Goal Categories
  - Growth/ Contraction
  - Stability
  - Flexibility
  - Adaptability
  - Innovativeness
  - Responsiveness to Constituencies
    - Internal
    - External
  - Organizational Image (Perceptions about the Organ.)
  - Personnel
  - Cost Control
  - Product/Service Development

Establish Critical Success Factors (CSF)

- CSF Categories
  - Operational Performance Monitoring
  - Future Planning
- Measures
  - Types
    - Objective (Hard)
    - Subjective (Soft)
  - Sources
    - Internal
    - External
- Possible CSF Areas
  - High Priority
    - General Accounting
    - Budgeting
  - Medium Priority
    - Disbursement
    - Procurement
  - Low Priority
    - Labor Use
    - Training/Education

Determine Reporting Requirements

- What
  - Summaries
  - Year-to-Date Budget
  - Key Indicators
  - Exception Reports
- How
  - Statistical Tables/ Charts
  - Graphic Displays
  - Verbal Communication
  - Standardization (e.g., GAAP)
- When
- To Whom
  - Level 1
  - Level 2
  - Level 3

As shown in Table II-2 on the previous page, the Information Needs Assessment Process contains five steps. The five steps are discussed below.

Step 1. Assess Current and Emerging Influences

The first step in the Information Needs Assessment Process involves an assessment of current and emerging influences potentially affecting the organization. Such influences include trends and conditions relating to the various environmental segments: technological, social, political, regulatory, economic, natural, manpower and consumer (geographics and demographics). Other influences would relate to what is referred to as "constituent expectations," both internal and external. An example of an internal constituent would be the organization's personnel, whose concerns would relate to reward, recognition, job satisfaction and enrichment, career pathing, security and advancement. External constituents would include suppliers, the media, interest groups, other Government officials and departments, people whom the organization may serve, and society-at-large. Finally, the existence of any special conditions relating to a particular period of time -- temporal conditions -- should also be assessed.

Step 2. Assess Current Position of the Department or Agency

The essence of this step is the determination of how well the organization is positioned relative to the current and emerging influences identified in Step 1. To make this determination, a thorough understanding of the organization and its background is necessary. The organization's mission as well as programs, activities and strategies currently in place to fulfill the mission should be identified and assessed relative to the current and emerging influences identified in Step 1. If no longer appropriate, given the changing influences, organizational changes may prove necessary. Finally, there needs to be an identification and assessment of how current resources are deployed (e.g., budget dollar amounts, personnel, material, management attention).

Step 3. Formulate Organizational Goals

Information needs should be integrally tied to organizational goals and objectives. Goals signify the end points an organization seeks to achieve. Such goals should, where desirable, have an "efficiency" as well as an "effectiveness" orientation. Potential categories of orga-

nizational goals include: growth, contraction, stability, flexibility, adaptability, innovativeness, responsiveness to constituencies (internal and external), organizational image, personnel, cost control, product/service development, and productivity.

Step 4. Establish Critical Success Factors

This next step involves determining the critical success factors (CSFs) necessary to ensure attainment of the goals established in Step 3. To avoid massive information overflow, the selection of success factors should be discriminating and selective. All factors which might possibly affect the organization are not important. Only the most critical success factors should be determined.

CSF determination is an important step, in that an organization's information requirements should emerge from this step. For example, this step should make apparent what types of information (objective and subjective) and what sources of information (internal and external) will be needed to effectively monitor operational performance as well as to facilitate future planning.

The following list is a sample questionnaire for determining an organization's CSFs: 4/

- What types of decisions are you regularly called upon to make?
- What types of information do you need to make these decisions?
- What types of information do you regularly get?
- What types of special studies do you periodically request?
- What types of information would you like to get that you are not now getting?
- What information would you want daily? Weekly? Monthly? Yearly?

4/ Philip Kotler, Marketing Management (New Jersey: Prentice-Hall, 1980), p. 606.

- On what specific topics would you like to be kept informed?

- What types of data analysis programs would you like to see made available?

In determining CSFs, a variety of possible items might be targeted for collection. Since each agency has a different mission, each agency will need to select the CSFs of greatest importance to its mission. The PPSS Federal Management Systems Report concluded that developing information about the following areas would be highly productive. These functional areas are offered as a point of departure for the Information Needs Assessment Process.

High Priority:

- Accounts Receivable
- Accounts Payable
- Fixed Assets
- Cash Management

Medium Priority:

- Disbursement
- Procurement
- Inventory Control

Low Priority:

- Labor Use
- Training/Education

Step 5. Determine Reporting Requirements

The last and final step in the Information Needs Assessment Process involves determining the information reporting requirements. Reporting requirements serve to further define the information needed, as well as the form, format and time in which the information is to be presented. Report summaries, year-to-date budget comparisons, key indicators, and exception reports are but a few of the kinds of information reports a manager might need. The format of these reports is important to promote ease of understanding. Format alternatives include statistical tables/charts and graphic displays. Communication alternatives involve a choice between written and oral formats. Either way, standards should be established and adhered to.

Information is further defined by determining who (which management level) needs what information. Different management levels will likely need and seek different types of information (i.e., operating versus top management levels).

INFO GAP 1-2: Each department and agency should conduct an organization-by-organization information needs assessment.

INFO GAP 1-3: Implement the Information Needs Assessment Process by utilizing private sector standards and tailoring their standards for the Federal Government's management needs.

Savings and Impact Analysis

The cost savings, revenue and cash accelerations for this issue, Information Needs Assessment, are listed in Table II-3, but the dollar amounts reported are duplicative of savings reported previously by PPSS and are presented here only to provide the reader with a perspective of the scope and significance of the information gap problem.

In reporting cost savings and revenues, the Project Team has given each information gap a primary issue assignment, although many of the information gaps are more complex than any one problem area. Therefore, when an item is duplicated within the Report, it is netted out so that the dollar amount for any single information gap is counted only in its primary area.

The information gaps and their related dollar amounts are reported over three years. The table that follows consists of three parts: two detailed parts, Section I and Section II, and a consolidated totals part, the Summary, as described below:

- Section I: information gaps specifically addressed in the text of this issue.
- Section II: information gaps that are not specifically addressed in the text of this issue, but that the Project Team finds relevant to this issue.
- Summary: consolidated totals from Sections I and II.

Detailed discussion of these information gaps appears in the Appendix to this Report, which is contained in this volume.

Implementation

All of the recommendations in this Issue INFO GAP 1 can be implemented by an Executive Order of the President.

[Table II-3 on the following pages]

TABLE II-3 : INFORMATION NEEDS ASSESSMENT 1/

Task Force Issue Number	Topic	Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
	Section I: Information Gaps Contained In This Issue				
AG 2	Farmers Home Administration Management Information	$ 178.0 18.5	$ - 20.3	$ - 22.3	$ 178.0 (CA) 61.1 (S)
AG 9	Thrifty Food Plan	1,039.0	1,142.9	1,257.2	3,439.1 (S)
USAF 13	ADP Modernization	172.6	194.3	213.7	580.6 (S)
ARMY 10	Major Weapon Systems Acquisition	287.5	632.7	1,043.6	1,963.8 (S)
BANK 4	Pension Benefit Guaranty Corporation	40.0	44.0	48.4	132.4 (R)
COMMERCE 5	Economic Development Administration Debt Collection	5.0 0.5	5.0 1.0	5.0 1.8	15.0 (CA) 3.3 (S)
DSD 19	DoD Laboratories	233.1	513.6	847.0	1,593.7 (S)
ED 2	Management Information Systems	145.0	294.5	324.0	763.5 (S)
HUSP 5	VA Hospital Construction Program	16.0	323.6	393.7	733.3 (S)
ASSET 8	Cash Management Incentives				2/
ASSET 23	Guaranteed Government Lending				2/
INTERIOR 9	Cash Management Improvements	38.0 3.8	81.0 8.4	100.9 11.1	219.9 (CA) 23.3 (CA)
PER 18	Workforce Planning				2/
PPAV 4	Mail Management	166.0	182.6	200.9	549.5 (S)
PPAV 6	Copying and Duplication Services	99.0	108.9	119.8	327.7 (S)

TABLE II-3: INFORMATION NEEDS ASSESSMENT (CONT'D) 1/

Task Force Issue Number	Topic	Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
	Section I: Information Gaps Contained In This Issue (Cont'd)				
TTM 1	Federal Travel Procurement	$ 297.3	$ 327.0	$ 359.7	984.0 (S)
TTM 4	Transportation Audit	49.9	54.9	60.4	165.2 (S)
Total Section I Savings (S)		$ 2,524.4	$ 3,796.3	$ 4,844.1	$ 11,164.8 (S)
Total Section I Revenue (R)		40.0	44.0	48.4	132.4 (R)
Grand Total Section I Savings and Revenue		$ 2,564.4	$ 3,840.3	$ 4,892.5	$ 11,297.2
Memo: Total Section I Cash Acceleration (CA)		$ 224.8	$ 94.4	$ 117.0	436.2 (CA)
	Section II: Information Gaps Relevant To This Issue				
AG 33	Foreign and Domestic Community Programs - Credit Evaluation Practices				2/
USAF 20	Dual Sourcing	$ 341.9	$ 736.2	$ 1,344.0	$ 2,422.1 (S)
ARMY 1	Personnel Management	30.0	66.0	93.5	189.5 (S)
ARMY 9	Personnel - Learning Resource Centers	10.2	11.2	12.3	33.7 (S)
ADP 4	Hardware and Software Resources Management	533.2	1,281.8	2,214.8	4,029.8 (S)
ADP 10	Army ADP	250.0	275.0	302.5	827.5 (S)
OSD 39	Financial Issues - Government-Furnished Materials	40.0	44.0	48.4	132.4 (S)
CONST 21	Construction Project and Program Management	50.0	55.0	181.5	286.5 (S)
CONST 23	Life-Cycle Costing				2/
FEEDING 1	Policy and Management Information for Federal Feeding				2/

TABLE II-3: INFORMATION NEEDS ASSESSMENT (CONT'D) 1/

Task Force Issue Number	Topic	Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
	Section II: Information Gaps Relevant To This Issue (Cont'd)				
HOSP 6	Organization Decision-Making in VA Hospitals				2/
HOSP 11	Medical Care Cost Recovery from Insured Inactive Military Beneficiaries	$ 368.6	$ 403.3	$ 439.5	$ 1,211.4 (R)
HUD 2	Organization and Administration	10.0	28.4	31.2	69.6 (S)
LABOR 9	Reducing Unauthorized Telephone Usage	1.0	1.1	1.2	3.3 (S)
PER 14	Training and Development Services	20.0	22.0	24.2	66.2 (S)
PROC 19	Contract Performance	10.0	27.0	60.0	97.0 (S)
PROP 1	Management Focus and Technique	18.7	20.6	22.6	61.9 (S)
PROP 2	Office-Space Utilization Goals	34.3	75.5	124.6	234.4 (S)
PROP 7	Energy Costs in Government Controlled Buildings	(75.5)	219.4	241.2	385.1 (S)
R&D 6	Research Program Reporting	(4.0)	71.0	158.5	225.5 (S)
TRANS 5	ADP Operations	12.4	15.6	18.4	46.4 (S)
USER 4	National Park Service	30.0	33.0	36.3	99.3 (R)
USER 8	USDA Forest Service Firewood Program	19.2	21.1	23.3	63.6 (R)
USER 17	Freedom of Information	70.0	77.0	84.7	231.7 (R)
PPAV 1	Publication Management	100.0	110.0	121.0	331.0 (S)

TABLE II-3: INFORMATION NEEDS ASSESSMENT (CONT'D) 1/

Savings (S)/Revenue (R)/Cash Acceleration (CA) 1/

($ millions)

Task Force Issue Number	Topic	Year One	Year Two	Year Three	Three-Year Total
	Section II: Information Gaps Relevant To This Issue (Cont'd)				
PPAV 2	Publication User Fees	$ 80.0	$ 88.0	$ 96.8	$ 264.8 (R)
PPAV 5	Printing Production	48.0	52.8	58.1	158.9 (S)
Total Section II Savings (S)		$ 1,430.2	$ 3,112.6	$ 5,058.0	$ 9,600.8 (S)
Total Section II Revenue (R)		567.8	622.4	680.6	1,870.8 (R)
Grand Total Section II Savings and Revenue		$ 1,998.0	$ 3,735.0	$ 5,738.6	$ 11,471.6
Memo: Total Section II Cash Acceleration (CA)		$ -	$ -	$ -	$ - (CA)
	Summary: Consolidated Section I and Section II Totals				
Total Section I and II Savings (S)		$ 3,954.6	$ 6,908.9	$ 9,902.1	$ 20,765.6 (S)
Total Section I and II Revenue (R)		607.8	666.4	729.0	2,003.2 (R)
Total Savings and Revenue in Issue		$ 4,562.4	$ 7,575.3	$ 10,631.1	$ 22,768.8
Less Duplicated Savings 3/		$ 1,106.9	$ 1,614.6	$ 2,179.8	$ 4,901.3
Less Duplicated Revenue 3/		139.2	153.1	168.5	460.8
Net Unduplicated Savings and Revenue		$ 3,316.6	$ 5,807.6	$ 8,282.8	$ 17,406.7
Memo: Total Cash Acceleration (CA)		$ 224.8	$ 94.4	$ 117.0	$ 436.2
Less Duplicated Cash Acceleration		$ 224.8	$ 94.4	$ 117.0	$ 436.2
Net Unduplicated Cash Acceleration		$ -	$ -	$ -	$ -

1/ Amounts in this Table represent duplicate cost savings, revenue and cash acceleration for PPSS, as these dollar amounts were previously reported in PPSS reports as of November 8, 1983. These amounts include inflation and are net of implementation cost.

2/ Not quantified.

3/ These amounts are claimed in another issue within the Information Gap Report and are netted out in this issue. All dollar amounts in the Information Gap Report duplicate savings previously reported by PPSS.

Exhibit II-1

AN ACQUISITION ASSESSMENT

When President Reagan asked Mr. J. Peter Grace, Chairman of the Executive Committee of PPSS and Chairman and Chief Executive Officer of W. R. Grace & Co., to search out waste and inefficiency in the Executive Branch of the Government and to see how modern business practices could be put to work to make the Government more efficient and more effective, he told Mr. Grace:

> . . . to come into the various departments and agencies and look at them as if you were considering a merger or takeover.

As the 36 PPSS task forces went about their work of agency and functional reviews, it soon became apparent that key information regarding Government services, personnel, facilities, equipment, performance and costs is often not available; when available, it is frequently out-dated, inaccurate or incomplete. These information inadequacies make the concept of looking at the Federal Government as a merger or acquisition candidate impossible, as the information needed to make a buy/no buy decision is not available. In addition, it became clear that critical information is missing not only to make an affirmative purchase decision but also to run the Government if it is acquired. Without adequate information, the Government, just like any business, cannot be well managed to assure efficient and effective operation.

To answer the President's request, the Information Gap Report Team conducted a business acquisition analysis of the following seven key functional areas:

- company background;
- industry analysis;
- financial and accounting data;
- financial reporting systems and accounting procedures and controls;
- organization - industrial relations;
- marketing - products; and
- manufacturing - distribution.

This list is not exhaustive and some functions not listed -- such as payment of taxes -- would not be applicable to Government. However, the findings that follow demonstrate this "information gap" problem, which is pervasive in the Federal Government. While the following pages focus on performing an acquisition analysis, the lack of reliable information seriously impairs the management of the Government. A brief acquisition analysis 1/ follows:

1/ Specific information gaps are from PPSS task force reports and are referenced within parentheses, i.e., "(USAF 22)" refers to the PPSS U.S. Air Force Task Force Report, issue number 22. A detailed discussion of the information gap can be found in the Appendix to this Report.

Company Background

any Name: Government of The United States of America

ctors: The Congress -- 535 directors

ide Experts:

Auditors: The Government has no independent auditors.

Consultants: The Federal Procurement Data System cannot identify how many consulting service contracts the Federal Government has, and at what cost (USAF 22).

f Description of Business: With an FY 1983 operating budget of approximately $850 billion, the Federal Government is the largest conglomerate in the United States. It is the:

- o largest employer;
- o largest power producer;
- o largest insurer, lender and borrower;
- o largest hospital system operator;
- o largest landowner and tenant;
- o largest holder of grazing land and timberland;
- o largest owner of grain; and
- o largest warehouse operator, shipowner and truck fleet operator.

r Problems:

- o $200 billion operating deficit in FY 1983;
- o $1.4 trillion debt; and
- o $2.5 trillion compensation plan and unfunded pension liability.

2. Industry Analysis

Competition: In recent decades, a large but indefinite number of services have been produced by the Government regardless of duplication with the private sector. Examples include hospital management, food stores (commissaries) and food service. This places Government in the position of being a business without the competition of the marketplace. Government-run operations:

- o lack the driving forces of marketplace competition that promote operational efficiency in profit-oriented organizations;
- o commonly lack the management information systems that provide timely data necessary to arrive at economically effective decisions;
- o are constrained by regulated "safeguards" that inhibit a manager's freedom to manage, such as Civil Service regulations governing personnel pay and dismissal;
- o are often driven by "political" considerations rather than efficiency considerations; and
- o suffer from decision-making that is far removed from an activity.

Industry Growth: The business of the Federal Government has experienced rapid growth in recent years, reaching a spending level of $805.2 billion in FY 1983.

Financial and Accounting Data

cial Statements: The Federal Government does not generally produce balance sheets, income statements or statements of operations, statements of changes in financial position and cash flow, or interim financial statements. While annual budgets are utilized, these budgets generally are projections based on the previous year's budget with an extrapolation for inflation.

of Business: Detailed information on the Federal Government's different activities or programs are difficult to obtain.

nts Receivables:

- The Department of Justice cannot effectively carry out its mission of collecting the Federal Government's accounts receivables, as accounts receivables are inconsistently defined throughout the Federal Government (JUSTICE 1).
- The Veterans Administration's (VA) recovery rate for the debt collection activity is low because accurate information regarding the value and status of the debt owed the VA is not available (VA 3).
- Similar examples of accounts receivables management problems can be found in SBA 2, ASSET 8 and ASSET 9.

tories:

- Inventory data systems for each of the military services and the Defense Logistics Agency are not compatible, leading to inadequate information and suboptimal inventory management decisions (OSD 2).
- The lack of inventory planning prevents purchase performance monitoring or identification of improved pricing opportunities within the VA and the Department of Defense (DOD) (HOSP 9).
- Similar inventory management examples can be found in USAF 13, OSD 39, NAVY 8 and NAVY 13.

Fixed Assets:

- Within the General Services Administration (GSA), there is an absence of internally generated, reliable management information on space assignments, space utilization, vacancy rates and rental rates for GSA-controlled space (PROP 1).
- VA health facilities construction planning utilizes poor data and questionable assumptions, resulting in wasteful construction projects (HOSP 5).
- GSA does not know how many Government cafeterias exist, what equipment is in the cafeterias, or what equipment is owned by the contractor or the Government (FEEDING 1).
- Similar types of problems in fixed assets are discussed in CONST 21, CONST 23, JUSTICE 2, PROP 2 and LAND 2.

Liabilities:

- The Federal Government does not fund its retirement programs for its military or civilian personnel as private companies are required to do by law. The Federal Government's unfunded liability for its military and civilian pension plans is currently over $1 trillion.
- The Federal Government's liability for Social Security, Veterans, and Federal Employees Compensation plans currently is an estimated $1.5 trillion. Including the unfunded military and civilian pension plans, the Federal Government's liability totals $2.5 trillion.
- The Federal Government's contingent liabilities such as loan and credit guarantees (e.g., for housing and rural development) and insurance in force (e.g., Federal Deposit Insurance Corp. and Federal Savings and Loan Insurance Corp.) currently total $2.6 trillion.
- In summary, U.S. Government pension, retirement and disability plan liabilities and contingent liabilities currently total over $5 trillion.

acement Cost Data: The Federal Government does not maintain accounting data on a replacement cost basis.

es: GSA lease management is ineffective, as GSA published data on leasing is not timely and often is inaccurate (PROP 8).

tors' Reports: Auditors' reports of the Federal Government and its operations do not exist.

r Accounting Policies:

- o The Federal Government has over 300 separate accounting systems of which about only 60 percent have been approved by the General Accounting Office. None of these systems follow Generally Accepted Accounting Principles (GAAP) standards.

- o The Federal Government maintains accounting records on a cash basis, not on an accrual basis.

w of Ability to Operate in an Inflationary Environment: How does the Federal Government handle items such as those listed below:

vables:

- o The Department of Interior's (DOI) cash management system is inadequate due to poor accounting control and delay in processing receipts in the various DOI bureaus and offices (INTERIOR 9).

- o Similar accounts receivables management problems which may affect the Federal Government's ability to operate in an inflationary environment are discussed in COMMERCE 5, ED 3, SBA 2, TREAS 1 and VA 3.

Fixed Assets:

- o GSA's lack of interest in cost control has led to the absence in the National Capital Region of an Energy Management Control System which would monitor energy needs and output in order to provide efficient energy utilization (PROP 7).

Budgeting and Planning:

- o Long-range strategic planning for the Federal Government's overall office automation needs does not occur, as there is no organized system to inventory or account for the costs or benefits and characteristics of office automated equipment (ADP 6).

- o Reliable information on the work force needs of Federal agencies is not available, resulting in the absence of a uniform work force planning system and a lack of budgetary input into the planning system (PER 18).

- o Other issues covering problems regarding assumptions used in long-range planning are HOSP 3, HOSP 4, HOSP 5, HOSP 6 and PROP 8.

inancial Reporting Systems and Accounting Procedures
ntrol

ment Reports: The Federal Government's agencies and epartments publish numerous key management reports. he value of many of these reports may be questioned ue to the problem of obtaining accurate and timely ata.

types of reports helpful to management: The Federal overnment does not prepare balance sheets, statements f operations, statements of changes in financial posi- ion and cash flow, and interim financial statements.

al Controls:

The Environmental Protection Agency lacks an accurate and timely cost and financial information system needed for efficient and effective cost control (EPA 12).

The Social Security Administration cannot provide timely, accurate data to its field offices (HHS-SSA 3).

The Urban Mass Transportation Administration lacks accurate, complete and current information for processing and monitoring grant applications, and for accounting and budgetary needs which result in grant overpayments, lapsing of funds and misappropriation of funds (TRANS 3).

Similar examples of internal control problems are discussed in BANK 4, OSD 39, SBA 2, ASSET 8, ASSET 9, ASSET 12, HHS-HCFA 6, NAVY 8 and NAVY 15.

Computer Facilities:

- The Air Force Logistics Command's 104 computer systems are archaic and costly to maintain and do not provide up-to-date accurate information for inventory control and other logistics function (USAF 13).
- The Navy's antiquated computer equipment is a factor in costly omissions and excessive inventory losses in the Navy's supply system (NAVY 8).
- Other examples of computer facilities problems are discussed in ADP 6 and HOSP 7.

Budgetary Planning:

- The GSA bases its budget requests on very crude estimates and on data which reflect private sector data rather than Government experience (CONST 23).
- The cost index used by DOD to establish the feeding budget for the uniformed services is based on more expensive food items than actually consumed in dining facilities (FEEDING 5).
- Other budgetary planning problems are discussed in FEEDING 1 and USER 4.

Organization -- Industrial Relations

anagement Personnel: In the Federal Service, the term "executive" generally describes any of the 11,000 positions paid at rates equal to or greater than the rate for a GS-16. There is a ceiling for executive salaries at the rate of Level V of the Executive Schedule, which is currently $63,800 per year. Executive salaries appear inadequate when compared to those for comparable levels of responsibility in the private sector, making it difficult for Government to retain its most experienced and talented executives.

yee Benefits: Agencies use inaccurate information as the basis for determining personnel costs and generally understate the costs of employee benefits (PER - FURTHER STUDY 2).

Marketing -- Products

ct Lines: Over time, the Federal Government has become exceedingly complex as it has become involved in an ever-expanding range of activities. In addition to its central functions of regulation and provision for the general welfare, safety and national defense, the Government runs a number of businesses such as grocery stores (military commissaries), hospitals, electric power generation facilities, and banks, it provides its customers (constituents) with 928 entitlement programs which provide benefits to certain groups regardless of budgetary limitations. As Government's complexity has increased, the inability to provide timely, accurate management information to decision makers seriously impairs the efficient delivery of services and program benefits to the Government's "customers." Examples of such information gaps appear below:

- The Pension Benefit Guaranty Corporation (PBGC) has insufficient information to publish verifiable financial statements and is plagued by case backlogs and operational difficulties (BANK 4).
- The National Flood Insurance Program (NFIP) has limited statistical data and what exists are further complicated by significant program changes. As a result, the NFIP is not well-equipped for planning to achieve actuarial soundness and self-supporting status (FEMA 1).
- Credit information on a Government-wide basis is not timely, accurate or complete (ASSET 12).
- Other PPSS issues with product/service related information gaps include AG 9, AG 33, ED 3, ASSET 23, ASSET 26, HHS-PHS 2, FEEDING 1, FEEDING 5, HOSP 11, HOSP 12, HOSP 13, LISAB 4, TRANS 3 and USER 8.

Sales History and Projections: The use and cost of Government programs has increased dramatically over the past 20 years and at a much higher rate than tax revenues. In 1983, transfer payments (excluding Social Security and interest) of $373.4 billion will exceed the combined personal income, excise, estate, and corporate income tax revenue.

Unit Pricing: The Government often does not have cost information necessary to recover costs from identifiable user groups. For example:

- Agencies have no cost accounting structure that would permit the accurate tracking of all costs associated with publishing (PPAV 2).
- The National Park Service does not know with certainty the costs of collection of their fees (USER 4).
- The information necessary for DOD to seek recovery of costs from insured inactive beneficiaries is not adequate (HOSP 11).
- Other examples can be found in USER 1, USER 8, USER 7, PPAV 1, FEMA 1 and HOSP 10.

anufacturing - Distribution

ers:

The lack of dual-sourcing statistics and follow-up evaluations leads to the loss of future dual-sourcing opportunities within the United States Air Force (USAF 20).

Other examples of supplier type problems are discussed in USAF 22, ARMY 10, HOSP 9, JUSTICE 3, NAVY 13 and PPAV 6.

nance:

Competitive reprocurement which requires suitable technical data is prevented due to the restricted flow of technical data (USAF 16).

Other issues which discuss maintenance types of problems are PROP 1, PROP 2 and LAND 2.

bution:

The decentralized structure of Federal travel procurement severely restricts the flow of information to the various agencies, yet the Federal Government's travel volume gives it the leverage to negotiate the lowest available prices if such information is centrally gathered, organized and applied in global contract negotiations (TTM 1).

Current Government freight traffic management systems are not adequate to gather consolidated Government-wide shipping data in order to take advantage of the Government's significant volume and frequency of traffic (TTM 3).

Other issues covering distribution-type problems are ARMY 1 and TTM 4.

IMPLICATIONS

The acquisition analysis demonstrates that

the Federal Government is not an attractive candidate for acquisition.

The fundamental reason is

a lack of basic, necessary information on which to reach an informed decision regarding a possible acquisition.

Management information is

unavailable at virtually every management level in every department and agency of the Federal Government.

Information is

more than raw data.

Management information is

the right data, at the right time, at the right place, in the right form to facilitate effective management control and decision-making.

This information failure, or information gap,

increases the operating cost of the Federal Government and prohibits efficient and effective administration.

II. ISSUE AND RECOMMENDATION SUMMARIES (CONT'D)

A. PROCESS (CONT'D)

INFO GAP 2: INFORMATION COLLECTION

Issue and Savings

Can the process of information collection -- getting the right data in a quality state -- assist in reducing the information gap problem in the Federal Government? Data collection is a critical step in the Information Management Process, for the types and quality of data collected will ultimately affect the information produced. It is difficult to produce useful and sufficient information without the right data input. As the axiom so accurately states, "garbage-in, garbage-out."

Recommendations in the task force reports to correct the information gaps related to this issue present opportunities for cost savings and revenues totaling $31.0 billion ($27.0 billion when gaps duplicated within other issues of this Report are netted out).

Background

Once an organization's information needs have been identified, the next step involves determining what and how data are to be collected. One way to ensure the quality of data is through the standardization of data collection. Experience in the private sector is a case in point. For years, standardization of accounting data collection and reporting has been ensured through what is known as Generally Accepted Accounting Practices (GAAP). Mandated by the Financial Accounting Standards Board (FASB), corporate compliance with GAAP is enforced through outside audits.

Similar standards have recently been adopted at the state and local government levels. New York City, out of necessity due to its municipal bond crisis in 1975, was one of the first big cities to use GAAP-type standards as well as outside auditors. Maryland and Tennessee were the first states to go to GAAP; Maryland also hired outside auditors.

The recent move to utilize GAAP-type standards and outside auditors has revealed state and local governments to be in much worse financial condition than originally thought. A recent Forbes article underscores this point as it relates to the state of New York:

> The general fund operating deficit, reported at $552 million in the year ended March 31, 1982, nearly doubled to $1.076 billion in the following fiscal year. The accumulated deficit rose from $2.9 billion to nearly $4 billion. The audit revealed that the state was postponing income tax refunds to the following fiscal year and also deferring obligations like subsidies to local school districts.1/

The article further points to California's eye-awakening experience:

> California, which has been phasing in GAAP for the past two years, reported a general fund deficit of $154 million in 1982 under its old accounting. Converted to GAAP numbers, that 1982 deficit jumped to more than $1 billion. California's fiscal 1983 results are not yet on GAAP, but preliminary estimates under the old method show a deficit of $669 million.

Unlike private sector business, state and local governments are not mandated to utilize GAAP standards, but rather do so on a voluntary basis. State and local governments may subscribe to the accounting standards of the Municipal Finance Officers Association (MFOA), a nationwide group. The MFOA, however, does not have compliance force as the FASB does through the Securities and Exchange Commission. MFOA enforces its rules only by awarding "certificates of conformance." Only 400 of the 80,000 units of government nationwide have certificates.

The Federal Government has yet a different set of standards. Mandated by the Accounting and Auditing Act of 1950, Federal departments and agencies are to comply with General Accounting Office (GAO) standards and are to receive GAO systems approval. GAO's prescribed accounting procedures are documented in its publication, "Accounting Principles and Standards for Federal Agencies" (Title 2). Title 2 has not been revised or updated for many years, and is at present under review by GAO.

1/ Weberman, Ben, "The GAAP Gap," Forbes. September 26, 1983, p. 215.

Even though GAO mandates the standards, GAO exercises no direct line authority over the accounting functions within the departments and agencies, and thus does not have compliance force as the FASB does through the Securities and Exchange Commission.

Methodology

In analyzing the process of information collection in the Federal Government, the following sources were utilized:

- o review of the 36 PPSS task force reports of which 26 contain information gaps relevant to this issue;
- o review of selected general business periodicals and publications; and
- o discussion with PPSS task force members.

Findings

From our review of the PPSS task force and selected issue reports, it is clear that the Federal Government is experiencing problems with data collection. Data is commonly of insufficient quality to be useful for management decision-making. Data collection problems include: data incompleteness, data irrelevance, data inaccuracy, data duplication, as well as data untimeliness, inconsistency and incompatibility. For example, the General Services Administration (GSA) cannot track the performance of its freight rate audit and recovery activity or assess it against other private sector freight audit operations. Of the $4.6 billion in annual freight charges it audits, GSA recovered freight rate overcharges of 0.37 percent or $17 million in FY 1982 compared to the private sector's average of 1.75 percent, i.e., the GSA should be identifying and collecting about $80.5 million annually or about five times its present rate. This problem is partly due to incomplete data. GSA does not know the total freight charges represented by the bills it receives for audit nor the total freight charges on the bills on which overcharges are identified (TTM 4). Other examples of data collection problems follow:

- o The Veterans Administration (VA) cannot adopt a case-mix budgeting or planning process that enables accurate measurement of hospital performance with respect to resource use. This problem

is due to incomplete data in patient treatment files (PTF) such as details of the patient's reason for hospitalization, condition and length of stay as well as of the attending physician (HOSP 4).

- The GSA's Federal Motor Vehicle Fleet Report's measurement of utilization per car is overstated and misleading for decision-making purposes. This problem of irrelevant data is due to the wrong total number of cars being employed to generate utilization rates. For example, the vehicle years of operation statistic is calculated such that a car which is available only 10 out of 12 months is only ten-twelfths of a car for the purpose of calculating the miles per vehicle per year statistic (PRIVATE 7).

- The Department of Defense's (DOD) military food budget is inflated due to the utilization of an incorrect Food Cost Index (FCI). The FCI is calculated using inaccurate data -- higher cost food items than those actually consumed in military dining facilities are used (FEEDING 5).

- In the VA, the Department of Medicine and Surgery's automated information system does not provide information needed for efficient institutional management. This is partly due to duplicative and inconsistent budgetary and PTF data which all of the VA hospital facilities currently receive (HOSP 7).

- The Federal Government's lack of a comprehensive inventory of its capital assets and their current condition prevents the identification of maintenance needs and new item requirements as well as the development of capital plans and budgets. This problem is partly due to inconsistent data, as each agency uses its own definition of a "capital investment" in lieu of a uniform, universally accepted definition. This procedure makes a comparison of total capital investments among agencies meaningless (FMS 5).

- DOD has been faced with significant cost overruns on weapons systems acquisitions. This has been due in part to inconsistent data on the costs of individual major weapons systems programs -- the lack of standardization for base year dollars, current year dollars and future year inflated dollars (OSD 22).

- In the United States Air Force (USAF), the Air Force Logistics Command (AFLC) currently manages a spare parts inventory totaling $17.4 billion in acquisition dollars as of September 30, 1981. During the first half of FY 1982, less than 25 percent of replenishment spare parts for weapons systems was competitively procured by AFLC compared to a high of over 37 percent in FY 1973. Competitive reprocurement is seriously hampered by untimely data, since the Air Force Systems Command, which handles the initial production phase of a weapons system, does not procure engineering and technical data at the time of acquisition. Instead it defers the acquisition of technical data to AFLC after the initial production is completed (USAF 16).

The Federal Government lacks an effective set of accounting standards for data collection. The Title 2 standards prescribed by GAO are out-of-date and inadequate in terms of facilitating useful management information. As the PPSS Federal Management Systems Task Force reports:

> Unfortunately, it (Title 2) represents a potpourri of accounting standards requirements, including broad concepts and specific implementation procedures. The requirements included range from "the financial data produced by an accounting system must be useful to the officials requiring it" to "separate accounts for major categories of cash resources...should be maintained..."
>
> As a result of the wide scope and differing depths of focus of its subject matter, Title 2 does not present a totally satisfactory framework of accounting standards against which more detailed policies and procedures may be developed. Moreover, recent advances in accounting theory and practice, and in the formulation of generally accepted accounting principles for Governments, have called into question the adequacy of those standards.[2/]

2/ Federal Management Systems (FMS), FMS-3: Financial Management and Audit, Working Appendix, Volume I of II, p. 26-27.

The Task Force goes on to report,

> Presently, financial reporting is heavily focused on the reporting of expenditures and obligations against budgetary appropriations. However, it is widely recognized that the accumulation and reporting of financial data by the departments and agencies on an appropriation basis, does not provide the most useful financial information for purposes of measuring or monitoring either program costs or the effectiveness of management responsibility centers.3/

For example, the VA accounting system does not provide an itemized billing for each hospital patient. The VA charges per diem rates based on average costs to third-party liability cases only. These billable charges do not reflect the real costs of providing medical care because the VA accounting system lacks standards for cost accounting data collection (HOSP 13). Other examples include:

- The Military Health Care System's (MHCS) Uniform Chart of Accounts (UCA) system as currently planned does not allow comparison of costs and performance among DOD fixed military hospitals or valid cost comparisons between MHCS and private sector health facilities. This is due to the fact that UCA does not determine the real costs of MHCS direct patient care, since it does not include standards for collection of major cost accounting data such as construction-renovation, employee benefits, and general and administrative overhead (HOSP 3).

- The Federal Government does not maintain a central inventory of teleprocessing (TP) allocations or allocate charges to end users in shared TP networks for their levels of utilization and cost. TP expenditures are estimated to reach over $1 billion in FY 1983 and to increase by about 25 percent annually due to estimated TP utilization increases of 16 percent per year and TP cost increases of 25 percent per year. Overall improvement of TP resource utilization and management is prevented by the lack of standards for data collection of the true costs of TP for delineation in the Federal budget (ADP 5).

3/ Ibid., p. 36.

In some cases, the standards that do exist are not only out-of-date, but simply misleading. One such example is the policy of "offsetting collections." Offsetting collections are the funds the Federal Government receives from the public as a result of transactions of a business nature, such as the sale of Government property and products, loan repayments, and rents and royalties for the use of Federal land. For budget purposes, these payments are treated differently than the funds raised from the public through taxes. Taxes are called "receipts" and are treated as revenue. By contrast, offsetting collections are not shown as revenues, but rather are "netted" against the collecting department's expenditures.

This policy of netting obscures the level of obligation for an agency. For example, the Export-Import Bank has obligations of $5,054.0 million which it offsets by $3,108.0 million for a net, reported obligation of $1,946.0 million. Obviously, the reported obligation assumes that all receipts will be collected. This standard allows an understatement of the risk the Government is undertaking. If the receipts are not collected, the Government is still liable for the obligation. As the Financial Management Selected Issue Report notes, this practice leads to potential misjudgment of risk. In the private sector, analysts on Wall Street do not simply look at a company's net income in evaluating a company's performace and in determining how risky an investment in the company's shares might be. If they did, a company with sales of $200 million, expenses of $199 million, and income of $1 million would appear no different than a company with sales of $5 million, expenses of $4 million and income of $1 million. Obviously, however, the smaller company is doing a better job of making money relative to sales and expenses. Consequently, the smaller company may be a less risky investment.

The Federal Government lacks an effective enforcement and oversight capability to ensure compliance with prescribed accounting standards. GAO exercises no direct line authority over the accounting functions within the departments and agencies. The GAO approval process addresses only original systems development. There is no central oversight function to assure that systems are properly maintained and revised when necessary or that revisions are monitored. GAO's only means of achieving accounting systems improvements is through the exercise of its systems approval function and the issuance of audit reports. Unfortunately, the systems approval process does not achieve its intended objective since departments and agencies are under no time constraint to comply with systems approval requirements.

Title 2 was established in 1950 to bring standards to Federal accounting. To date, more than 30 years later, only 209 of 332 accounting systems (63 percent) subject to approval by GAO have been approved. The systems that have not been approved include some of the largest and most important systems, which together handle over half of the Government's expenditures.

Problems also exist within the Federal Government's individual departments and agencies in enforcing and ensuring compliance with prescribed accounting and finance standards. For example, the Department of Education, which is responsible for distributing $14.5 billion in Federal funds for education programs, has been cited repeatedly for waste, fraud, abuse and errors. A major problem has been the lack of emphasis on management information systems and internal controls. Specific problems include the following:

- The general ledger is primarily used to record disbursement data, rather than in its usual function as a control of assets and liabilities.
- Reconciliations of financial system accounts to Treasury records are not done on a regular basis.
- There is insufficient emphasis on internal controls with no checking on the accuracy of payments.

These problems are a result of a number of factors. First, responsibility for internal controls is not clearly defined. Second, coverage by the Office of Inspector General and program review staffs is inadequate largely due to staff shortages. Finally, the qualifications and training of personnel responsibilities for key aspects of the internal control systems are not adequate in most cases (ED 2).

Another Federal department with significantly deficient financial accounting systems and internal accounting controls is the Department of Housing and Urban Development (HUD). There are no systems and procedures in place to adequately safeguard, account for and ensure the integrity of HUD-owned assets. For example, generally accepted accounting practices and procedures are not followed in administering Federal Housing Administration (FHA) insurance funds financial statements. In addition, the review and verification of financial information is limited or nonexistent.

A major factor in these problems is that no one area of HUD has been designated total responsibility and authority for coordinating/developing department-wide financial

systems. In addition, no area has been staffed with professional financial managers to fulfill that responsibility. Also there appears to be no effective area responsible for ongoing operational audits of HUD-related activities (HUD 1).

Conclusions

The Federal Government lacks standards for data collection and reporting. As a result, numerous types of data deficiencies can be commonly found across Government departments and agencies. To overcome these deficiencies, an agency-by-agency review should be conducted as to the types and quality of data which need to be collected. Specific attention should be given to the following data problem areas:

- Data Completeness -- The data collected should be complete and comprehensive.
- Data Relevance -- The collection of too much or irrelevant data should be avoided. Overcollection of unnecessary data can burden and slow the data collection process.
- Data Accuracy -- Efforts should be made to ensure that the collected data is accurate. "Checks and balances" procedures should be devised where appropriate.
- Data Duplication -- To avoid further the excess collection of data, data duplication should be minimized.
- Data Timeliness -- Data should be collected in a timely manner.
- Data Consistency/Compatibility -- To allow for trend analysis and cross comparisons, data definitions should be consistent across organizations and over time.

Many of the data collection problems stem from the lack of an effective set of collection standards. To overcome this deficiency, the Federal Government should follow the example set by the private sector and a number of state and local governments, and begin to adopt GAAP. Utilizing GAAP and outside audits in order to develop and implement standards for data collection of financial and accounting information will not only improve collection standards, but will also bring a new and more accurate representation to decision makers.

Experience in the Federal Government has shown that the prescription of standards alone is not enough. Rather, to be effective, that which is prescribed must be continually reviewed, updated and, perhaps most important, enforced.

Agency compliance to Government-set standards is a problem of considerable magnitude. The problem stems from the lack of an effective Government oversight and enforcement function. It is clear that this function needs to be strengthened. The enforcement needs are addressed in Issue 5 of this Report, "An Information Management Structure to Facilitate Process."

Recommendations

INFO GAP 2-1: Each agency should review the types and quality of data it uses or needs to use to efficiently and effectively monitor its performance.

INFO GAP 2-2: Adopt GAAP, tailoring it to the needs of the Federal Government's accounting and finance systems.

Savings and Impact Analysis

The cost savings, revenue and cash accelerations for this issue, Information Collection, are listed in Table II-4, but the dollar amounts reported are duplicative of savings reported previously by PPSS and are presented here only to provide the reader with a perspective of the scope and significance of the information gap problem.

In reporting cost savings and revenues, the Project Team has given each information gap a primary issue assignment, although many of the information gaps are more complex than any one problem area. Therefore, when an item is duplicated within the Report, it is netted out so that the dollar amount for any single information gap is counted only in its primary area.

The information gaps and their related dollar amounts are reported over three years. The table that follows consists of three parts: two detailed parts, Section I and Section II, and a consolidated totals part, the Summary, as described below:

- Section I: information gaps which are specifically addressed in the text of this issue.

- Section II: information gaps which are <u>not</u> specifically addressed in the text of this issue, but which the Project Team finds relevant to this issue.

- Summary: consolidated totals from Sections I and II.

Detailed discussion of these information gaps appears in the Appendix to this Report, which is contained in this volume.

<u>Implementation</u>

The recommendations in INFO GAP 2 can be authorized by the Executive Office of the President. These recommendations would also necessitate input from the Office of Management and Budget and the General Accounting Office.

[Table II-4 on the following pages]

TABLE II-4*: INFORMATION COLLECTION 1/

Task Force Issue Number	Topic	Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
	Section I: Information Gaps Contained In This Issue				
USAF 16	Spare Parts Breakout	$ 208.3	$ 229.1	$ 252.0	$ 689.4 (S)
ADP 5	Teleprocessing Resources	55.0	220.0	242.0	517.0 (S)
OSD 22	Estimating Weapons Systems Costs				2/
ED 2	Management Information Systems	145.0	294.5	324.0	763.5 (S)
FEEDING 5	Troop Feeding Services	50.5	55.6	61.2	167.3 (S)
HOSP 3	Central Health Entity for DOD	225.0	247.5	272.2	744.7 (S)
HOSP 4	Planning and Resource Allocation	650.0	1,595.0	2,642.6	4,887.6 (S)
HOSP 7	VA Hospital - HIS	(250.0)	(55.0)	(60.5)	(365.5) (S)
HOSP 13	VA Medical Care Costs Recovery.	435.4	478.9	526.9	1,441.2 (R)
FMS 5	Capital Budgeting				2/
HUD 1	Financial Management Systems	222.5 88.4 84.0	– 97.3 92.4	– 107.0 101.6	222.5 (CA) 292.7 (S) 278.0 (R)
PRIVATE 7	Federal Vehicle Fleet Management	50.0	132.0	217.8	399.8 (S)
TIM 4.	Transportation Audit	49.9	54.9	60.4	165.2 (S)
Total Section I Savings (S)		$1,272.1	$2,870.9	$4,118.7	$8,261.7 (S)
Total Section I Revenue (R)		519.4	571.3	628.5	1,719.2 (R)
Grand Total Section I Savings and Revenue		$1,791.5	$3,442.2	$4,747.2	$9,980.9
Memo: Total Section I Cash Acceleration (CA)		$ 222.5	$ –	$ –	$ 222.5 (CA)

TABLE II-4: INFORMATION COLLECTION (CONT'D) 1/

Task Force Issue Number	Topic	Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
	Section II: Information Gaps Relevant To This Issue				
USAF 20	Dual Sourcing	$ 341.9	$ 736.2	$1,344.0	$2,422.1 (S)
USAF 22	Procurement of Support Services	68.8	75.7	83.2	227.7 (S)
ARMY 1	Personnel Management	30.0	66.0	93.5	189.5 (S)
ARMY 9	Personnel-LRC	10.2	11.2	12.3	33.7 (S)
BANK 1	Pension Benefit Guaranty Corporation	97.9	107.7	118.5	324.1 (R)
BUS-TVA 8	Financial Reporting Systems				2/
OSD 23	Instability in the Weapons Acquisition Process	1,051.5	2,313.3	3,816.9	7,181.7 (S)
EPA 10	Personnel Management	1.8	2.1	2.3	6.2 (S)
SBA 2	Loan Quality Improvement				2/
FEMA 1	National Flood Insurance Program	200.0	220.0	242.0	662.0 (S)
CONST 23	Life-Cycle Costing				2/
HOSP 10	DoD Medical Care Cost Recovery	20.7	22.8	25.0	68.5 (R)
HHS-PHS	Indian Health Service	33.9	39.5	43.5	116.9 (S)
HHS-PHS 7	PHS Student Loan Collections	10.0 (1.0)	10.0 (0.2)	10.0 0.6	30.0 (CA) (0.6)(S)
JUSTICE 2	Asset Seizure and Forfeiture	86.9 8.7	95.6 19.1	61.7 22.0	244.2 (CA) 49.8 (S)
LAND 2	Federal Vehicle Fleet Management	8.0 4.8	50.0 5.2	88.1 5.8	146.1 (S) 15.8 (R)
HHS-HCFA 5	Federal Incentive Program for Automation of State Welfare Data	508.0	461.3	409.9	1,379.2 (S)
HHS-HCFA 7	Supplemental Security Income Program	241.0	265.1	291.6	797.7 (S)

TABLE II-4 : INFORMATION COLLECTION (CONT'D) 1/

Task Force Issue Number	Topic	Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
	Section II: Information Gaps Relevant To This Issue (Cont'd)				
PER-FURTHER STUDY 2	Compensation				2/
PROC 8	Cost Estimating & Scheduling	$ 300.0	$ 825.0	$ 1,815.0	$ 2,940.0 (S)
PROC 12	Physical Inventory				2/
PROP 8	GSA Policies and Procedures	29.7	46.8	68.0	144.5 (S)
STATE 4	Foreign Currency Futures	5.7	5.7	5.7	17.1 (S)
STATE 5	Bureau for Refugee Programs	21.3 1.6	18.5 3.0	16.1 4.1	55.9 (CA) 8.7 (S)
VA 1	Claims Processing	82.1	90.3	99.3	271.7 (S)
VA 2	Error Prevention	445.0	495.0	544.5	1,484.5 (S)
VA 3	Debt Collection	123.9 12.4	41.2 17.7	42.9 23.8	208.0 (CA) 53.9 (S)
PRIVATE 5	Commissary Operations	623.6 300.0	685.9 39.6	754.5 43.6	2,064.0 (S) 383.2 (R)
Total Section II Savings (S)		$4,002.9	$6,428.7	$9,764.8	$20,196.4 (S)
Total Section II Revenue (R)		423.4	175.3	192.9	791.6 (R)
Grand Total Section II Savings and Revenue		$4,426.3	$6,604.0	$9,957.7	$20,988.0
Memo: Total Section II Cash Acceleration (CA)		$ 242.1	$ 165.3	$ 130.7	$ 538.1 (CA)

TABLE II-4: INFORMATION COLLECTION (CONT'D) 1/

Task Force Issue Number	Topic	Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
	Summary: Consolidated Section I and Section II Totals				
	Total Section I and II Savings (S)	$ 5,275.0	$ 9,299.6	$ 13,883.5	$ 28,458.1 (S)
	Total Section I and II Revenue (R)	942.8	746.6	821.4	2,510.8 (R)
	Total Savings and Revenue in Issue	$ 6,217.8	$10,046.2	$ 14,704.9	$ 30,968.9
	Less Duplicated Savings 3/	$ 620.4	$ 1,143.7	$ 1,864.5	$ 3,628.6
	Less Duplicated Revenue 3/	88.8	97.6	107.4	293.8
	Net Unduplicated Savings and Revenue	$ 5,508.6	$ 8,804.9	$ 12,733.0	$ 27,046.5
	Memo: Total Cash Acceleration (CA)	$ 464.6	$ 165.3	$ 130.7	$ 760.6 (CA)
	Less Duplicated Cash Acceleration	319.4	105.6	71.7	496.7
	Net Unduplicated Cash Acceleration	$ 145.2	$ 59.7	$ 59.0	$ 263.9

1/ Amounts in this Table represent duplicate cost savings, revenue and cash acceleration previously reported by PPSS. These amounts include inflation and are net of implementation costs.

2/ Not quantified.

3/ These amounts are claimed in another issue within the Information Gap Report and are netted out in this issue. All dollar amounts in the Information Gap Report duplicate savings previously reported by PPSS.

A. PROCESS (CONT'D)

INFO GAP 3: INFORMATION SYSTEMS

Issue and Savings

Can improvement of information systems create cost saving efficiencies and facilitate managerial decision-making throughout the Federal Government?

Federal information systems form the vital link between the collection of high quality raw data and the dissemination of useful information for Government operations and managerial decision-making. The information systems' function is facilitated by a variety of systems ranging from automated data processing (ADP), used for record-keeping and data aggregation, to management information systems (MISs), which support decision-making. The cost-effective operation of the Federal Government depends on coordinated development and utilization of these systems.

Recommendations in the task force reports to correct the information gap problems related to this issue present opportunities for savings and revenues of $15.2 billion over three years ($13.3 billion when information gaps cited in other issues in this Report are netted out).

Background

Present Federal automated information systems are generally based on computer designs of the 1950s and early 1960s which have been successively expanded and modified to meet new program and functional needs. In the mid-1960s, the Federal Government perceived that the expansion of Government information systems was out of control. One of the controls which evolved was the Brooks Act (P.L. 89-306) in 1966, which gave the General Services Administration (GSA) authority for managing ADP acquisition and promoting sharing among agencies. The Office of Management and Budget (OMB) was made responsible for providing policy guidance, and the National Bureau of Standards (NBS) within the

Department of Commerce was required to develop uniform Federal ADP standards. In 1976, OMB issued Circular A-109 to prescribe how major systems are to be acquired in order to reduce cost overruns and justify needs. A public/private study initiated by OMB in 1978, known as the President's ADP Reorganization Project (PRP), led to a series of recommendations to improve Government management of information technology. In 1980, Congress passed the Paperwork Reduction Act (P.L. 96-511), which incorporated many of the PRP recommendations. This Act made OMB responsible for "developing and implementing policies, principles, standards and guidelines for ADP and telecommunications... and overseeing the establishment of standards." The foregoing Executive and Legislative initiatives represent the principal attempts by the Federal Government to structure the development of its information systems.

Currently, the Federal Government utilizes over 6,000 general purpose data processing systems (including administrative systems such as personnel, payroll, etc.) and almost 11,500 special purpose systems (weapons, imbedded systems, etc.). The PPSS Automated Data Processing/Office Automation Task Force estimated that total annual operating cost of these systems to be at least $12 billion. However, the impact of Federal information systems, both manual and automated, on the effectiveness and efficiency of Government operations is considerably more substantial than their operating cost. This issue focuses on the economically quantifiable areas of impact identified by other PPSS Task Force reports that are attributable to the quality of Federal information systems.

Methodology

In analyzing Federal information systems, the following sources were utilized:

- review of the 36 task force reports plus the selected issue reports of which 24 contain material related to this issue;
- review of selected General Accounting Office (GAO) publications;
- review of general business periodicals and publications; and
- discussion with PPSS Task Force members.

Findings

A lack of top level management recognition and support of the need to improve information systems continues. Much of the managerial weakness at all levels stems from a confusing set of policies, directives and guidelines from the agencies vested with authority and control of information system development. The responsibilities for policy formulation, exercise and evaluation are fragmented and overlapping:

- o OMB has authority for developing ADP policy.
- o GSA is responsible for exercising policy control over Federal ADP resources.
- o NBS establishes software, design and documentation standards.

While OMB has the ultimate authority to manage ADP resources and development, it has not coordinated the activities of GSA, NBS and other agencies in this respect. Furthermore, OMB has emphasized a budgetary approach to information system development at the agency level, rather than leadership on planning, acquisition and ongoing management. Hence, the emphasis has been on evaluating agency ADP programs on a case-by-case basis and ignoring interrelationships of agency information requirements.

In addition to ineffectively discharging its oversight responsibilities, OMB has not emphasized providing for its own information needs. The kinds of aggregated data and management information needed to operate a central agency, including GSA, the Office of Personnel Management and the Treasury, have not been developed. For example, OMB recently noted that it has insufficient information to monitor:

- o Government cash balances;
- o personnel resources and skill availability; or
- o total Federal funds committed to individual states or localities. 1/

In managing its own information requirements and guiding those of other agencies, OMB has not recognized

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1/ Joseph Wright, Deputy Director of OMB, to the Cabinet, August 1982, Washington, D.C.

that decision support systems are distinct from data processing systems in purpose, use and characteristics. Consequently, systems are not always providing decision makers with the tools they need to manage. The following examples are illustrative:

- The Pension Benefit Guarantee Corporation has insufficient information to publish verifiable financial statements after seven years of operation (BANK 4).

- Information systems in the Office of Student Financial Aid (OSFA) generate poor data on loan deficits, and no reports measuring delinquency at the institutional level are available to OSFA management (ED 3).

- No central area in the Department of Housing and Urban Development (HUD) has responsibility for coordinating department-wide financial systems. As a result, management does not have the information required to guage program activity and effectiveness (HUD 1).

- The Office of Foreign Buildings does not have a management information system capable of identifying costs for buildings either individually or in aggregate (STATE 3).

Without good decision support information, managers cannot adequately assess the performance of their agencies or departments. Therefore, those responsible for executing specific functions cannot be held accountable. For example, the absence of automated systems for quantifying overcharges and tracking the performance of audit reviews in the Office of Transportation Audits prevents GSA from evaluating its freight rate audit activities (TTM 4).

Management support of effective information development is also hindered by a budgetary process that provides few incentives for good performance. Managers are reluctant to implement systems that could point to specific savings if those savings pass through to the Treasury in the form of reduced agency budget allocations.

Integration of systems development among Government agencies and departments is not emphasized by OMB and other oversight bodies. The potential for savings by managing the implementation of common systems for similar administrative tasks is vast. Moreover, agencies have operational problems in comparing data due to file structure

incompatibility among the different information systems. The responsibility for managing integration of information systems is not clearly defined. The policy directives contained in OMB Circular A-109 do not call for a review of interagency considerations in the system acquisition process.

Without enforcement by OMB, individual agencies are reluctant to give up any of the control of new system formulation and acquisition that system integration may entail. Information systems continue to be formulated in a vacuum without recognition of Government-wide requirements for system interaction.

Within individual agencies and departments, the information management function lacks an executive orientation. For example, within the Health Care Financing Administration (HCFA), no long-range plan exists for the orderly development and implementation of state-of-the-art data systems to break HCFA's dependence on the Social Security Administration's outmoded ADP system. Consequently, management has been unable to utilize technological advances with the potential for substantial savings in operation costs (HHS-HCFA 6). The lack of a formal planning process prevents managers from establishing agency objectives and a road map for achieving them.

Managerial weaknesses at the agency level also contribute to a lack of internal controls in system use. Program operation managers in the Department of Education forward payment requests to Financial Management Services (FMS) that rely on inadequately validated data provided by program units. FMS "certifies" and processes the payments despite the lack of validation. As a result, the Department is repeatedly cited for waste as unreconciled computer errors mount up (ED 2).

The lack of an appropriate management structure in the agency information network aggravates the systems deficiencies. For example, each major ADP system supporting Veterans Administration (VA) hospitals in the field is managed remotely by a project manager in Washington, D.C. This situation of "removed" supervision has arisen because the VA has never developed a management orientation, but has merely stored data for work load and budgeting objectives (HOSP 7).

In addition to a lack of management support in planning, setting controls and developing a structure, many agencies poorly manage system implementation and use. Managers often fail to involve the primary information users

in the implementation stages. Within the Environmental Protection Agency, user perceptions of its Financial Management System are generally negative because they do not understand its features and capabilities (EPA 12).

Existing information systems are inadequate in effectively performing the required tasks. Systems hardware and software in the Federal Government are technically and functionally obsolete. A lack of centralized ADP management fostered a decline from the late 1960s and through the 1970s in state-of-the-art systems technology relative to the private sector. The average age of Federal ADP hardware as of September 30, 1980, was approximately 6.7 years compared to about half that among large private sector firms. As a determinant of functional obsolescence, system software is also lagging behind and would require significant conversion expense to adapt to new systems hardware. Examples of the high degree of systems obsolescence abound throughout the Federal Government:

- The Economic Order Quantity (EOQ) system used by GSA and the Federal Supply Service to minimize inventory costs are incapable of handling modern forecasting methods (PROC 10).

- In the Farmer's Home Administration, MISs are insufficient in supporting current credit organization and servicing requirements, seriously hampering the agency's ability to effectively manage its receivables (AG 2).

- MISs in the Urban Mass Transit Administration cannot produce updated information to track grants and monitor grant overpayments (TRANS 3).

- The monitoring and collection of delinquent accounts in HUD is hampered by antiquated ADP systems. HUD has no accurate idea of the total number of delinquent loans outstanding (HUD 3).

- The majority of Air Force Logistics Command (AFLC) information systems use batch processing and punch cards for computer input/output, resulting in cumbersome data processing (USAF 13).

- The ADP systems that the Department of Defense (DOD) uses for inventory management are unable to handle purchase requisitions more than twice a year per line item (OSD 2).

- The Integrated Data Retrieval System used by the Internal Revenue Service (IRS) System Centers operates on equipment that is 20 years old (FMS 2).

- Outmoded computer equipment utilized by the Department of the Navy produces inaccurate inventory records leading to excessive inventory losses in the Navy's supply system (NAVY 8).

Outmoded information systems increasingly weaken the ability of agencies and departments to carry out their mission cost-effectively. Operating costs are excessive due to high maintenance charges, large floor space requirements, higher utility costs, and greater numbers of operating personnel. Hardware maintenance is labor intensive and especially expensive on the many systems that are no longer supported by the manufacturer and require Federal maintenance specialists. Outdated systems also experience frequent and lengthy periods of downtime, resulting in late reports and data omissions. Software maintenance is costly due to the shortage of personnel skilled in maintaining software programs that are out-of-date. The mere diversity of operating systems and lack of standardization increases software maintenance and conversion costs substantially.

Another critical disability attributable to outmoded equipment is the absence of flow-through capabilities to perform sequential functions automatically. For example, HCFA files are sequential tape files that must be completely rewritten in each nightly update for processing in the present Social Security Administration data system. The high degree of human intervention causes excessive error rates requiring reruns and wasting 1,500 Central Processing Unit (CPU) hours per quarter. Additionally, HCFA Bureau of Quality Control is basing current cost studies on 1979 data, resulting in poor financial control (HHS-HCFA 6).

The decentralized evolvement of information systems within agencies has led to the prevalence of systems at multiple facilities that are not integrated. The following examples illustrate the consequent inefficiencies:

- Each bureau and office within the Department of Interior has developed its own cash receipts and disbursements system, operated at its own collection centers. The autonomy of these systems results in a lack of reliable information for cash management activities (INTERIOR 9).

- Non-integrated information systems at the facility level prevent VA hospital administrators from receiving useful management information. The systems are oriented to feeding data into central processing systems without the ability to retrieve disaggregated, comparable data for making decisions at local levels (HOSP 7).

- The financial reporting system used by the Office of the Controller in the Department of Energy is not standardized across the various operating locations. Due to inconsistencies in reporting, accurate data on both fixed assets and non-fixed asset property cannot be compiled (ENERGY 8).

Apart from being outdated and non-integrated at the agency level, Federal information systems are typically overloaded. Due to insufficient capacity of Social Security ADP systems, the agency has accumulated considerable backlogs in posting wage items to individual accounts. Furthermore, the Administration is unable to compare earnings reported on W-2 forms to benefits paid, resulting in the misallocation of funds (HHS-SSA 3). Systems with insufficient capacity are hard pressed to handle special requests or changes in user needs as agency missions are redirected. With many systems operating at full capacity, further expansion of data processing needs cannot be accommodated.

Other areas of the Federal Government have manual systems in operation where automation would greatly reduce long-run costs. For example, the accounting systems within HUD are primarily manual. Insurance claims in process are tracked with a 3" x 5" card file that requires thousands of manual entries (HUD 1). As another example, the lack of data processing systems in the Department of Health and Human Services (HHS) Public Health Service result in poor control of billing and receivables. As a consequence, the debt delinquency rate is excessive (HHS-PHS 7A). Heavy work loads and growing backlogs in these and numerous other Government units cause errors and delays. As a self-perpetuating problem, heavy work loads have created the perception that the conversion time required for automation cannot be afforded.

The ability of the Federal Government to operate efficiently is further constricted by the extensive use of incompatible systems across departments and agencies. This situation exists both for Government units that interact directly and those that perform similar administrative

functions. Incompatible systems provide misleading and non-comparable information to the central agencies, such as OMB and GSA. Consequently, the kinds of information needed for top level Executive Branch management are never compiled. A few examples of information Government decision makers need, but do not receive, follow:

- budget versus actual obligations or outlays at more detailed levels than appropriations (for example, program, subprogram, project, activity, location, etc.);
- Government-wide statistics on the credit-worthiness of borrowers;
- individuals receiving benefits from income maintenance and other programs through more than one agency;
- inventory MIS;
- location and utilization of real and personal property; and
- overall receivables due Federal agencies from various loan programs.

The fragmented development of automated administrative systems has led to a proliferation of different systems doing similar functions in many agencies and departments. GAO has identified 332 separate accounting systems and 319 payroll systems. There is no comprehensive listing of administrative systems, and the Executive Branch has no idea how much they cost to develop. Despite Executive Branch efforts to standardize systems, little progress has been made (FMS 2).

Continually redeveloping separate automated systems for common administrative functions is extremely wasteful. Initially, costly software development is duplicated. During operation, software maintenance costs are magnified as system changes are needed. Finally, system conversion costs are increased as new systems replace or consolidate the hodgepodge of outmoded systems. Additionally, interagency comparisons of data are more difficult and costly when utilizing data from incompatible systems. Differing file structures for data storage necessitate customized computer interfaces for each application which hinders the implementation of matching programs. (See INFO GAP 4.)

A chronic shortage of qualified and experienced personnel undermine the effective operation of Federal information systems. Systems development and implementation is hampered by difficulties in hiring and retaining qualified data processing professionals. The factors that perpetuate this problem are deeply rooted:

- a slow hiring process due to lengthy Federal classification procedures;
- lower compensation than for comparable positions in the private sector; and
- obsolete equipment which does not provide the opportunity to develop marketable skills demanded in the private sector.

Attempts to redress this situation have been ineffective to date.

Additional deficiencies in the number and qualifications of systems personnel exist at the operator and user levels. Generally, inadequate training and supervision are leading causes. The training of inexperienced systems personnel is expensive and time-consuming both in terms of human resources and errors in system use during the training process. Insufficient training and system orientation weaken the integrity of system controls. For example, controls in the Federal Employee Compensation (FEC) ADP system are dependent upon following prescribed procedures. However, these controls are neither complete nor uniformly enforced throughout the system. FEC personnel are oriented toward paying claims quickly rather than detecting abuse (LABOR 1). Another example is the misuse of the EOQ system for Federal inventory control. Heavy work loads frequently compel inventory managers to override the system by increasing order size. This results in higher inventory carrying costs (PROC 10). Processing new loans administered by the Economic Development Administration diverts personnel resources from documentation and debt monitoring functions. As a result, record keeping is incomplete and debt collection is neglected (COMMERCE 5).

Inadequate orientation among users also undermines information systems' effectiveness. For example, although the Environmental Protection Agency's Financial Management System is fundamentally sound and workable, inadequate user understanding of its capabilities creates errors, and errors encourage the development of alternate accounting systems (EPA 12).

4. A lack of user training and understanding greatly reduces users' ability to utilize systems capabilities to their full extent.

The Federal system acquisition process significantly impairs the ability of Government to incorporate effective ADP/MIS technologies. Long delays in system procurement often stall implementation programs. The Federal acquisition process takes an average of two and one-half to four years to complete, whereas the normal private sector ADP acquisition is concluded in six to 18 months. The leading factors contributing to Government delays are excessive procedural steps in the approval process and a confusing array of regulatory policies and directives.

The typical steps in the Federal acquisition process include extensive requirements definition, system justification and procurement procedures, as shown in Table II-5.

[Table II-5 on following page]

Table II-5

TYPICAL STEPS IN THE FEDERAL ACQUISITION PROCESS

Task	Probable Range (Average)
I. REQUIREMENTS DEFINITION/ SYSTEM JUSTIFICATION	1.5 - 2 Years
A. Identify Requirements	
B. Complete Conversion Study	
C. Complete Cost/Benefit Study	
D. Obtain OMB Approval	
E. Obtain GSA Approval	
F. Complete Request for Proposal (RFP)	
G. Complete Benchmark Package	
II. PROCUREMENT PROCEDURES	1 - 2 Years
A. Advertise in Commerce Business Daily	
B. Release RFP and Benchmark Package	
C. Review Proposals	
D. Conduct Benchmark Tests	
E. Request Best and Final Bids	
F. Complete Evaluations	
G. Award Contract	
H. Settle Protests	
I. Install New Equipment	
TOTAL:	2.5 - 4 Years

Benchmark testing and protest settlement, which consume considerable time and resources within the Federal Government, are not commonly practiced by non-Federal organizations. Furthermore, Federal agencies and departments conduct excessive competitive demonstrations and reviews that substantially delay the process. Generally, Federal orientation is on process accountability in which each procedural step is overly accounted for, rather than responsibility for results or getting the job done.

Adding to the difficult procedural process are a multitude of directives, regulations and policies that affect the procurement activities.

Under the Brooks Act, sole procurement authority is vested with GSA, while OMB and NBS are assigned to related fiscal and policy control. Despite GSA's efforts to streamline the process, no single comprehensive document exists to guide ADP/MIS procurement across the Federal Government. Consequently, individual agencies and departments are left to make their own interpretation of the various policy directives. For example, OMB Circular A-109 allows an agency to decide whether or not to designate a given acquisition as major, which determines the subsequent procedural steps. The inconsistent application of A-109 greatly diminishes coordinated and uniform system procurement practices.

Irregular acquisition guidelines are disruptive of intra-agency procurement activities. For instance, in 1981 Congress partially exempted DOD from the Brooks Act by enacting Section 908 of the DOD Authorization Act for 1982 to permit streamlining of DOD ADP procurement procedures. However, DOD has not exercised its Section 908 authority due to internal disagreements on what hardware and software should be exempt. Another example is the inability of the AFLC to modernize its ADP systems. The failure of the Advanced Logistics System, launched in 1970, prompted increased Congressional review of subsequent data processing proposals. This has led to an overly cautious attitude throughout the command and a reluctance to undertake new modernization initiatives.

A further impediment to the systems acquisition process is the lack of comprehensive planning and analysis within the contracting agencies and departments. OMB Circular A-109 calls for the involvement of top-level management in determining agency mission needs and goals, but does not specify a planning and implementation process. The following deficiencies are most critical:

- User needs are not specifically incorporated in relating acquisitions to agency mission and goals.

- Technical assessments of system requirements are underutilized.

- Alternative means of satisfying mission needs are not fully explored (i.e., purchase system components vs. contracting out to a service bureau).

- Cost/benefit analysis is not emphasized.

- Post-acquisition evaluation is neglected.

The lack of comprehensive planning in the Federal acquisition process fosters the deployment of incompatible information systems. Many Federal systems cannot be interfaced vertically or horizontally to achieve information flow linkages that would be beneficial for both operational efficiency and managerial decision-making. For example, transfer program recipients' income tracked by IRS computers cannot be cross-checked with eligibility requirements monitored by HHS computers even if all legal hurdles could be cleared (ADP 1).

In acquiring new systems, the Government has tended to emphasize purchasing the technology over alternatives such as leasing or contracting out to service bureaus. While the leasing option does not have the tax advantages that accrue to taxable private sector firms, it does allow the lessee to utilize state-of-the-art technology without incurring a large sunk cost. Typically, Federal agencies will wait until existing systems are on the verge of failure before attempting to justify a system replacement. Contracting out to service bureaus would also reduce the risk of technical obsolescence and may be suitable for many Federal administrative functions such as payroll check processing. One company surveyed by the PPSS Federal Management Systems Task Force charges between 75 cents and $2.00 per check to process payroll. In contrast, the Department of the Army spends about $4.00 per check to process payrolls using an outdated system (FMS 2). At present, the Federal Government does not explore purchase alternatives sufficiently.

Conclusions

Considerable management weaknesses at all levels contribute to the ineffectiveness of Government information

systems. The lack of central direction and leadership from OMB underlies a Government-wide blurring of management responsibility at the department and agency levels. The general lack of accountability identified in PPSS task force reports extends to the directives to upgrade information systems that perpetuate the information gap problem. As a result, information flows within and between agencies are obstructed.

Managerial responsibilities need to be redefined with respect to future development and integration of information systems. Managers should be accountable for their performance in achieving specific goals rather than following a procedural routine. The key to implementing cost-effective systems improvements is an Executive Branch management structure within OMB or the proposed Office of Federal Management that can institute formal planning practices across Federal agencies. It is imperative that the larger picture of interagency information flows is incorporated into the planning process. Responsibility for ensuring that comprehensive planning and managerial accountability are achieved should be vested with a high level information management coordinator within the Executive Branch.

The present Federal MIS and ADP systems are generally outmoded with respect to Government information systems requirements. As various Government activities have expanded and become more complex, systems capabilities have not kept pace. Outdated systems are unable to handle not only agency specific needs, but also interagency information flows. Consequently, agency heads do not receive the kind of information they need to plan and administer effectively. The production of incomplete and unreliable information for daily operations prohibits further processing to adequately serve the specialized needs of decision makers.

A shortage of qualified data processing and systems development personnel aggravates and perpetuates the problem of system obsolescence. Deficiencies in training and supervision of personnel lead to frequent breakdowns in systems control procedures, which results in poor information quality.

Excessive regulatory requirements and a lack of management commitment to systems formulation have created long delays in the acquisition process. The present state of inertia makes acquisitions programs obsolete before they get off the ground.

The many regulatory provisions and procedural steps affecting the acquisition process should be reviewed and simplified. Responsibility for establishing policy, exercising policy directives and setting standards should be centralized. Agencies should be empowered to implement system modernization programs within a comprehensive policy framework.

A planning process to ensure quality information systems and to streamline the requisition process is essential. The process should focus on upgrading systems hardware and software to achieve agency specific and Government-wide information objectives rather than simply focusing on the acquisition of equipment. This upgrading must address:

- o compatibility of systems within agencies at a minimum;
- o compatibility of file structures to facilitate horizontal and vertical information linkages;
- o utilization of common software;
- o establishment of a software clearinghouse to facilitate sharing and provide expertise; and
- o development of personnel planning to assure the availability of skilled employees to operate and design modern systems.

Many private sector firms and a few Government agencies have implemented effective information systems through well-conceived acquisition programs. These programs combine specific user needs with the overall needs of the firm.

Recommendations

INFO GAP 3-1: Responsibility for overall policy of MIS and ADP systems management should be centralized in OMB or the proposed Office of Federal Management. Performance measurement based on achieving specific agency and inter-agency objectives should be instituted.

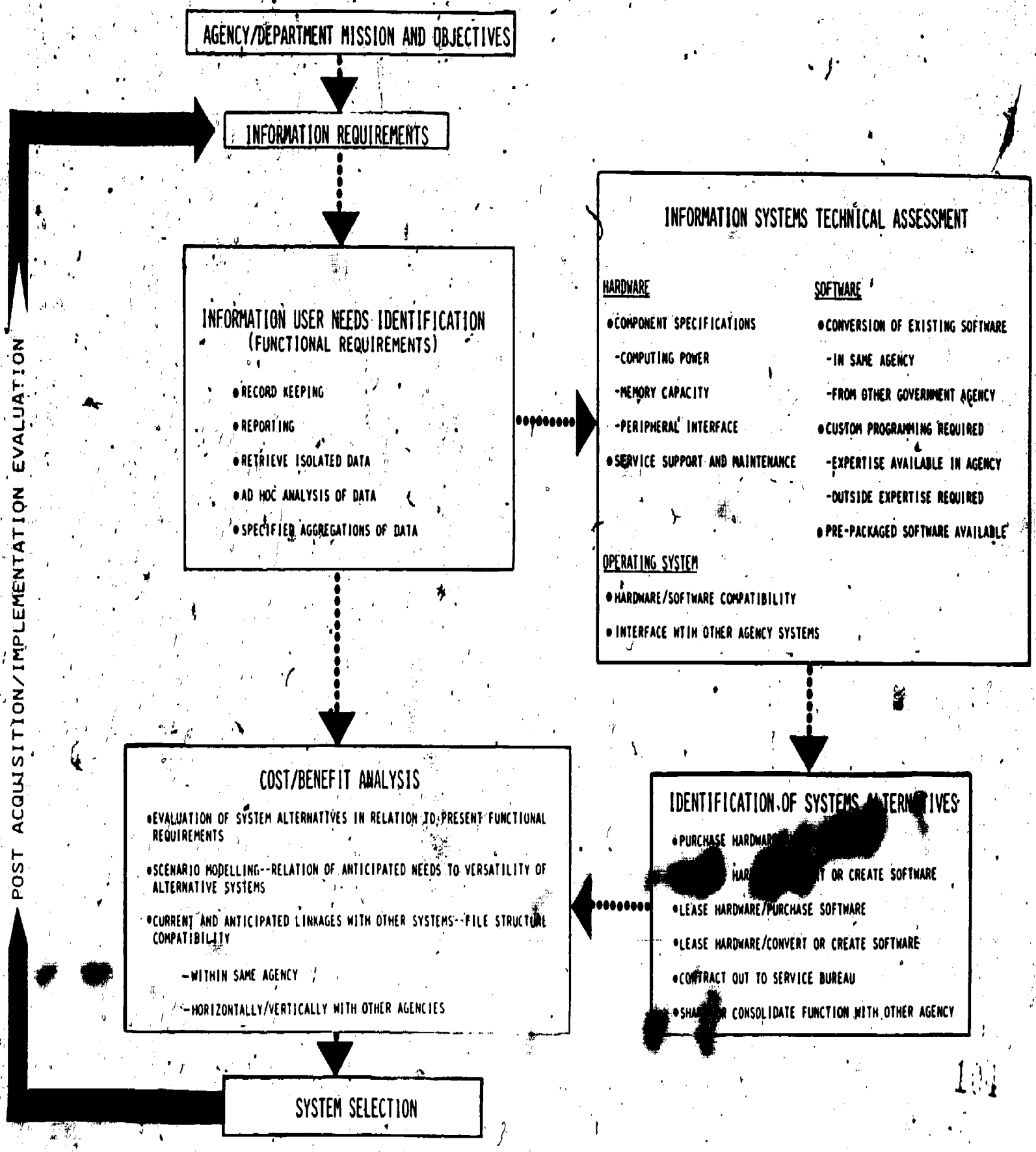
INFO GAP 3-2: Each agency and department should [illegible] mit to OMB a long-range strategic plan for upgr[illegible] information systems. Budgeting and management ince[illegible] should be directly tied to performance and implementing [illegible] program plans.

As shown in Exhibit II-2 on the following page, the plan should identify the information needs of system users (managers, record keepers, etc.) from the overall information requirements of the agency or department. From the needs determination, a complete technical assessment should be conducted to develop alternative means of meeting the system's functional requirements. The cost/benefit analysis of alternatives should incorporate anticipated user needs as well as current needs. Moreover, the potential for utilizing information processed by the system in matching programs, in which data linkages with other systems is required, should be assessed. After system selection and implementation, a post-acquisition evaluation should be made to determine system performance in satisfying overall agency and interagency information requirements.

[Exhibit II-2 on following page]

Exhibit II-2

SYSTEMS ACQUISITION FLOW CHART



INFO GAP 3-3: Establish a software clearinghouse and a technical resource center to promote the development of compatible information systems.

Savings and Impact Analysis

The cost savings, revenue and cash acceleration for this issue, Information Systems, are listed in Table II-6, but the dollar amounts reported are duplicative of savings reported previously by PPSS and are presented here only to provide the reader with a perspective of the scope and significance of the information gap problem.

In reporting cost savings and revenues, the Project Team has given each information gap a primary issue assignment, although many of the information gaps are more complex than any one problem area. Therefore, when an item is duplicated within the Report, it is netted out so that the dollar amount for any single information gap is counted only in its primary area.

The information gaps and their related dollar amounts are reported over three years. The table which follows consists of three parts: two detailed parts, Section I and Section II, and a consolidated totals part, the Summary, as described below:

- Section I: information gaps which are specifically addressed in the text of this issue.
- Section II: information gaps which are not specifically addressed in the text of this issue, but which the Project Team finds relevant to this issue.
- Summary: consolidated totals from Sections I and II.

Detailed discussion of these information gaps appears in the Appendix to this Report, which is contained in this volume.

Implementation

The recommendations in this issue, INFO GAP 3, can be authorized by the Executive Office of the President. These recommendations also require action by OMB and would necessitate input from GSA.

[Table II-6 on the following pages]

TABLE II-6 : INFORMATION SYSTEMS 1/

Task Force Issue Number	Topic	Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
	Section I: Information Gaps Contained In This Issue				
AG 2	Farmers Home Administration Management Information	$ 178.0 18.5	$ - 20.3	$ - 22.3	$ 178.0 (CA) 61.1 (S)
USAF 13	ADP Modernization	172.6	194.3	213.7	580.6 (S)
ADP 1	Federal ADP Leadership				2/
BANK 4	Pension Benefit Guaranty Corporation	40.0	44.0	48.4	132.4 (R)
COMMERCE 5	Economic Development Administration Debt Collection	5.0 0.5	5.0 1.0	5.0 1.8	15.0 (CA) 3.3 (S)
OSD 2	Improved Inventory Management	288.0	4,425.0	1,361.2	6,074.2 (S)
ED 2	Management Information Systems	145.0	294.5	324.0	763.5 (S)
ED 3	Student Loan Delinquencies	117.0	180.2	198.2	495.4 (S)
ENERGY 8	Multiple Accounting Systems	3.5	3.8	4.2	11.5 (S)
EPA 12	Financial Systems	1.2	1.3	1.4	3.9 (S)
HOSP 7	VA Hospital - MIS	(250.0)	(55.0)	(60.5)	(365.5)(S)
FMS 2	Executive Branch Information Systems				2/
HHS-HCFA 6	Electronic Data Processing	98.0	107.8	118.5	324.3 (S)
HHS-PHS 7A	Debt Management	7.0 0.7	7.1 1.5	7.6 2.4	21.7 (CA) 4.6 (S)
HHS-SSA 3					2/
HUD 1	Financial Management Systems	222.5 88.4 84.0	- 97.3 92.4	- 107.0 101.6	222.5 (CA) 292.7 (S) 278.0 (R)

TABLE II-6: INFORMATION SYSTEMS (CONT'D) 1/

Task Force Issue Number	Topic	Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
	Section I: Information Gaps Contained In This Issue (Cont'd)				
HUD 3	Debt Collection Management	$ 86.4 8.6	$ 95.0 10.4	$ 104.5 11.4	$ 285.9 (CA) 30.4 (S)
INTERIOR 9	Cash Management Improvements	38.0 3.8	81.0 8.4	100.9 11.1	219.9 (CA) 23.3 (S)
LABOR 1	Office of Worker's Compensation	31.0	63.0	95.0	189.0 (S)
NAVY 8	Supply Inventory Management	66.6	66.7	66.7	200.0 (S)
PROC 10	Economic Order Quantity	600.0	1,775.0	2,165.0	4,540.0 (S)
STATE 3	Real Property Management				2/
TRANS 3	Grant Management	48.0	55.0	60.5	163.5 (S)
TIM 4	Transportation Audit	49.9	54.9	60.4	165.2 (S)
Total Section I Savings (S)		$1,491.3	$7,305.4	$4,764.3	$13,561.0 (S)
Total Section I Revenue (R)		124.0	136.4	150.0	410.4 (R)
Grand Total Section I Savings and Revenue		$1,615.3	$7,441.8	$4,914.3	$13,971.4
Memo: Total Section I Cash Acceleration (CA)		$ 536.9	$ 188.1	$ 218.0	$ 943.0 (CA)
	Section II: Information Gaps Relevant To This Issue				
ADP 17	IRS Productivity Improvement				2/
HOSP 3	Central Health, DOD	225.0	247.5	272.2	744.7 (S)
HOSP 9	Open Market Purchases	67.0	73.7	81.1	221.8 (S)
ASSET 8	Cash Management Incentives				2/
HHS-PHS 2	Indian Health Service	33.9	39.5	43.5	116.9 (S)
JUSTICE 5	ADP Systems				2/

TABLE II-6: INFORMATION SYSTEMS (CONT'D) 1/

Task Force Issue Number	Topic	Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
	Section II: Information Gaps Relevant To This Issue (Cont'd)				
JUSTICE 6	Automated Legal Support System	10.2	12.3	14.8	37.3 (S)
NAVY 13	Aircraft Powerplant Maintenance Management	5.0	5.0	5.0	15.0 (S)
NAVY 15	Cash Deposits	3.3	3.3	3.4	10.0 (S)
TREAS 1	Collection of Delinquent Taxes	23.0	25.3	27.8	76.1 (S)
TREAS 2	IRS Personnel Additions				2/
TREAS-FURTHER STUDY	Bureau of the Mint				2/
Total Section II Savings (S)		$ 367.4	$ 406.6	$ 447.8	$ 1,221.8 (S)
Total Section II Revenue (R)		-	-	-	- (R)
Grand Total Section II Savings and Revenue		$ 367.4	$ 406.6	$ 447.8	$ 1,221.8
Memo: Total Section II Cash Acceleration (CA)		$ -	$ -	$ -	$ - (CA)

TABLE II-6: INFORMATION SYSTEMS (CONT'D) 1/

Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/

($ millions)

Task Force Issue Number	Topic	Year One	Year Two	Year Three	Three-Year Total
	Summary: Consolidated Section I and Section II Totals				
	Total Section I and II Savings (S)	$ 1,858.7	$ 7,712.0	$ 5,212.1	$ 14,782.8 (S)
	Total Section I and II Revenue (R)	124.0	136.4	150.0	410.4 (R)
	Total Savings and Revenue in Issue	$ 1,982.7	$ 7,848.4	$ 5,362.1	$ 15,193.2
	Less Duplicated Savings 3/	$ 345.5	$ 733.3	$ 802.6	$ 1,881.4
	Less Duplicated Revenue 3/	-	-	-	-
	Net Unduplicated Savings and Revenue	$ 1,637.2	$ 7,115.1	$ 4,559.5	$ 13,311.8
	Memo: Total Cash Acceleration (CA)	$ 536.9	$ 188.1	$ 218.0	$ 943.0 (CA)
	Less Duplicated Cash Acceleration	38.0	81.0	100.9	219.9
	Net Unduplicated Cash Acceleration	$ 498.9	$ 107.1	$ 117.1	$ 723.1

1/ Amounts in this Table represent duplicate cost savings, revenue and cash acceleration for PPSS, as these dollar amounts were previously reported by PPSS. These amounts include inflation and are net of implementation costs.

2/ Not quantified.

3/ These amounts are claimed in another issue within the Information Gap Report and are netted out in this issue. All dollar amounts in the Information Gap Report duplicate savings previously reported by PPSS.

II. ISSUE AND RECOMMENDATION SUMMARIES (CONT'D)

A. PROCESS (CONT'D)

INFO GAP 4: INFORMATION UTILIZATION -- COMPUTER MATCHING

Issue and Savings

Can improved utilization of available Government data through implementation of automated interagency computer matching result in significant savings?

Computer matching is an effective management tool for identifying fraud, waste and abuse of Government benefits, entitlement and loan programs. Computer matching is useful in other ways, too, such as validating billings of large Government contractors.

Recommendations in the task force reports to correct information problems related to this issue provide opportunities for cost savings and revenue of $15.9 billion over three years ($11.3 billion when information gaps cited in other issues in this Report are netted out).

Background

The Office of Management and Budget (OMB) Guidelines (issued May 11, 1982) define computer matching as:

> a procedure in which a computer is used to compare two or more automated systems of records or a system of records with a set of non-Federal records to find individuals who are common to more than one system or set. The procedure includes all of the steps associated with the match, including obtaining the records to be matched, actual use of the computer, administrative and investigative action on the hits, and disposition of the personal records maintained in connection with the match. It should be noted that a single matching program may involve several matches among a number of participants.

Thus, a computer match includes the comparison of two sets of Federal records (e.g., Department of Education student loan defaulters with Federal personnel records) as well as the comparison of Federal records with non-Federal records (e.g., Internal Revenue Service (IRS) tax returns with local real estate records).

OMB has developed and promulgated a series of guidelines and program models to assist Executive agencies and departments in instituting computer matching projects that comply with the Privacy Act of 1974 and the Debt Collection Act of 1982.

The Privacy Act of 1974 states that "the increasing use of computers and sophisticated information technology, while essential to the efficient operations of the Government, has greatly magnified the harm to individual privacy that can occur from any collection, maintenance, use, or dissemination of personal information." The OMB Guidelines note that the Act "makes any system of records from which information is retrieved using personal identifiers (such as name, Social Security number, or claim number) subject to its provisions and, by derivation, to those of any supplemental or implementing guidelines and instructions pertaining to the Act." OMB Circular No. A-108 provides guidance to Federal agencies for implementing the Privacy Act.

The OMB Guidelines also address the impact of the Debt Collection Act of 1982 on the Privacy Act. Specifically, the Guidelines explain that the Debt Collection Act:

- amends the Privacy Act of 1974 to provide a new general disclosure authority, subsection (b)(12), which lets agencies disclose personal information to consumer reporting agencies;

- creates a statutory authority to satisfy the conditions established by the Privacy Act whereby agencies can make disclosures under subsection (b)(3) "for a routine use." The Privacy Act requires that such disclosures be compatible with the purpose for which the information was originally collected. The routine use disclosures which the Debt Collection Act authorizes include disclosures of taxpayer mailing addresses in certain instances, as well as disclosures of debtor information to effect administrative or salary offsets;

- creates statutory authority for agencies to collect the Social Security account number from applicants in certain Federal loan programs; and

- amends the Privacy Act to exempt consumer reporting agencies from the "contractor" provisions of the Privacy Act.

Methodology

A review of previous studies revealed numerous areas where computer matching has the greatest potential for identifying fraud, waste and abuse of Government benefits, entitlement and loan programs.

Subsequent conversations with officials at OMB's Office of Information and Regulatory Affairs, the President's Council on Integrity and Efficiency, the General Accounting Office (GAO), and the Veterans Administration (VA) revealed new considerations while supporting PPSS's earlier findings.

Conversations were held with the legislative aides of two members of Congress who have introduced computer matching legislation regarding the Social Security Administration (SSA) and the IRS.

Findings

The success of computer matching in ferreting out fraud and abuse is demonstrated. Federal agencies across-the-board report extensive cost savings as a result of interagency exchanges of data regarding participants in benefit and entitlement programs. For example, a 1983 computer match of Federal employee rolls and Food Stamp recipients performed by the U.S. Department of Agriculture (USDA) Inspector General's Chicago audit staff resulted in the indictments of seven persons for illegally receiving approximately $126,142 in food stamps and welfare benefits in Cook County. Three other persons were indicted in Lake County, Illinois on charges of receiving $84,534 in illegal food stamps and welfare benefits.

Other productive computer matching programs include the following:

- The matching of delinquent student loan debtors who are Federal employees revealed almost 47,000 Federal employees with more than 50,000 loans valued at $67.7 million.

- Project Match compared Federal employee files against the Aid to Families with Dependent Children (AFDC) and Medicaid files to determine instances of Government employees receiving welfare benefits improperly. It uncovered $300,000 in incorrect payments in the District of Columbia alone.

- Project Spectre, the computer matching of SSA beneficiary rolls with the Health Care Financing Administration's decedent rolls, resulted in the termination of 5,263 persons from the program, recovery of $7.6 million for SSA, and a savings of over $25.2 million.

- Project Memphis, conducted jointly with the USDA, the Department of Housing and Urban Development (HUD) and the State of Tennessee, involves a computer comparison of the state's food stamp files and USDA and HUD wage reporting records. To date 203 indictments and more than six convictions have been returned involving almost $3.7 million in benefits.

- AFDC Interjurisdictional Match, a matching program involving all 50 states, the District of Columbia, and Puerto Rico, has resulted in 20,285 hits.

- Cuban Refugee Program detects fraud in AFDC payments to Cuban refugees.

- Project Baltimore uncovers fraudulent use of Social Security cards by illegal aliens.

- Project Sacramento finds AFDC cases where recipients are also receiving previously unreported SSA or Supplemental Security Income (SSI) benefits, or have reported false Social Security numbers to AFDC officials in order to obtain benefits. There have been 29 indictments and 16 convictions to date. More than $250,000 in fraudulent AFDC benefits have been uncovered.

- Project Missing Kids identifies individuals who have created fictitious children in order to receive AFDC benefits.

- In Project Birthdate, the computer scans the AFDC eligibility file and looks for any family that has two or more recipients with birth dates that

are identical to birth dates in another AFDC family. Ineligible payments already total $400,000 and there are 11,000 other cases awaiting investigation.

Department of Health and Human Services (HHS) computer matching programs which are ongoing at present include:

- o Illogical Entitlement Situations - e.g., to identify payments made after the date of death;
- o Invalid Eligibility Situations - e.g., to identify instances where an individual is participating in the same assistance program in more than one jurisdiction;
- o Overbilling - e.g., to identify billings from different doctors for the same type of service on the same day for the same patient;
- o Duplicate Billings - e.g., to identify physicians billing for the same services under multiple provider numbers;
- o Billings Exceed Norms - e.g., to identify doctors whose number of prescriptions for abusable drugs exceed established norms; and
- o Illogical Billing Situations - e.g., to identify billings for inpatient hospital services when the patient was not in the hospital.

Areas where Government officials expect computer matching to be most important in the future for Federal agencies are:

- o "up-front" verification of eligibility, also called front-end matching, aimed at preventing erroneous payments. Front-end matching has a deterrent effect and is considered to be less intrusive than other types of computer matching;[1/]
- o recertification of eligibility to detect changes in eligibility status;

1/ Statement of Richard P. Kusserow, Inspector General of HHS, before the Subcommittee on Oversight of Government Management of the Senate Committee on Governmental Affairs, December 15, 1982.

- improved debt collection;
- avoiding duplication of benefits received by individuals;
- validating billings of large Government contractors; and[2]
- locating hard to find absent parents, for the purpose of establishing and enforcing child support obligations, by matching with files not normally used by the Federal Parent Locator Service, such as Food Stamps, Black Lung and Federal license files.[3]

While computer matching has become an ongoing process for some departments and agencies (HHS, VA), it is still a "special request" for most other Government entities. W.D. Campbell, the Acting Director of GAO's Accounting and Financial Management Division, discussed this aspect of computer matching before the Senate's Subcommittee on Oversight of Government Management (of the Committee on Government Affairs) on December 16, 1982. Mr. Campbell stated that several factors must be considered in deciding whether a computer match should be on a one-time or routine basis, including:

- specific known or suspected cases of [illegible] or error in a benefit program;
- whether computer matching would be effective in deterring people from misrepresenting information when applying for benefits;
- significant changes in legislative or administrative requirements for eligibility and payment. A match could be a very economical means for determining whether required changes were correctly made;
- the potential for change in an individual's eligibility status. For example, changes in income or asset levels could change or eliminate eligibility for a benefit payment; and

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2/ "Computer Matching Clearinghouse," U.S. Department of Labor, Office of Inspector General, July 1982, Volume 1, No. 1, page 8.

3/ Ibid., page 11.

- the adequacy of the system of internal controls in a benefit program. If controls are judged to be weak, a program could be more vulnerable to error or fraud. A more frequent match might therefore be in order until the controls are strengthened.

Notwithstanding the obvious effectiveness of computer matching, numerous roadblocks hamper its use. Some of the difficulties involve the inadequacies of Government computer systems. For example, incompatible computer data and systems thwart matching programs because many of the Government's 17,000 computers can't "talk" with one another in order to share data (ADP 1). Efforts to improve this incompatibility are slow and insufficient. Compounding this problem is the fact that no long-range planning for improving existing computer systems with state-of-the-art technology exists. This problem results in a failure to anticipate future needs and causes procurement of new systems to be fragmented (ADP 6 and 15).

The quality of the data is often poor, making matching difficult. The same data often are not collected by programs with similar purposes. For example, entitlement programs such as AFDC, Food Stamps, SSI, Medicaid and Section 8 housing do not utilize the same data to establish eligibility. Medicaid and Section 8 do not require Social Security numbers as a condition of eligibility (LISAB 4).

The quality of available data is often inferior because it is untimely or lacks integrity. Outdated statistics on age and sex characteristics of families leads to excessive benefit allotments in the Food Stamp program (AG 9). Similarly, inaccurate and fraudulent financial data prevent HUD from employing computer matching to verify eligibility for Section 8 rent subsidization beneficiaries (HUD 5). The detailed and repetitive paperwork required to manually match such non-uniform data systems impedes quick access and delays computer matching programs (ADP 15).

A major roadblock to easy implementation of computer matching is the fear of the government "Big Brother" concept. The IRS is hesitant to engage in computer matching programs with other Government agencies. Officials fear that sharing whatever data is received from income tax returns and other sources may damage the present system of voluntary compliance and reporting of income (ASSET 27). In many instances, the IRS is the only Government agency that has accurate data on which to initiate a match.

Congress also fears the "Big Brother" concept. The background section of this issue provides a listing and description of legislation that affects computer matching. The primary legal issue that limits computer matching is the Privacy Act of 1974, which restricts the release of personal information from agency systems of records for any purpose other than that for which the information was gathered. To accomplish interagency computer matching, one or more agencies must release information to other participating agencies. Each information release must be covered by a Federal Register routine use notice, published at least 30 days prior to the release.

The enforcement of the provision of the Privacy Act is governed by OMB guidelines that place extensive administrative and operational requirements on matching agencies. Each planned match is required to be justified with cost/benefit analyses and to present alternative ways of accomplishing the project purpose. Comprehensive matching reports must be submitted to OMB, both Houses of Congress, and the Federal Register at least 60 days prior to conduct of any match. OMB review and approval is required prior to performing the match. These legislative and regulatory requirements have the net effect of restricting data to the program that collected it regardless of the relevance of related programs.

The problem of comparable data appears difficult to solve. For example, after three years of discussions among Government automated data processing managers, it has not yet been possible to standardize the input coding for the male sex. Some agencies use the numeral "1" to code for a male while others use the numeral "0." Obviously, a "1" and a "0" are not the same and would not "match" in a standard computer match. Other basic data points that are often incompatible include address abbreviations and Social Security numbers.

This type of problem can be overcome by the time-consuming use of a "retrieval package." A retrieval package developed by the Information Management Technology Division of GAO basically lifts selected data considered important for the proposed match from a donor computer. The package records the data in a compatible format with the receiving computer. For example, if the donor computer codes a male as a "0" but the receiving computer codes as a "1", the package generates a new computer file that translates the "0" to a "1", thus overcoming a technological problem restricting the match.

A final problem with computer matching involves a lack of incentives to solve the complex problems of implementation. In fact, a major disincentive exists. For example, there is a disincentive for agencies to utilize computer matching for debt collection purposes because the monies collected are credited to the Treasury Department and not the successful agencies' budget. On the other hand, if they do not collect the funds there is still no effect on their budget. Meanwhile, the total debt owed the Federal Government has increased 25 percent since 1978 and delinquencies have risen by 38 percent (ASSET 26).

Conclusions

Computer matching works. It is the Federal Government's most cost-effective tool for verification or investigation in the prevention and detection of fraud, waste and abuse. Indeed, Richard P. Kusserow, Inspector General of HHS, declares computer matching to be "... a most important weapon in the crusade to make government more efficient..."[4]

Further opportunities to apply computer matching are widespread and present in virtually every Federal department and agency. OMB's "Compendium of Best Practices to Reduce Waste and Fraud in Government Programs" recognizes that computer matching is useful "... in a majority of social service programs that have large recipient populations." Computer matching is also useful, however, in other areas such as Government lending programs to businesses and individuals and in procurement programs. In lending programs, prescreening would help to reduce the number of additional loans to borrowers with poor repayment records. In procurement programs, identifying unsatisfactory vendors and suppliers would prevent repeat business with unacceptable business concerns.

Though there are significant structural and procedural roadblocks, much can be done to encourage computer matching across-the-board. Familiarization of department and agency heads with the effectiveness of computer matching and with the procedural safeguards addressing privacy concerns will prove significant in fostering increased use of computer matching.

4/ Kusserow, Senate Committee on Government Affairs, Statement.

The Report Team is also concerned with the privacy of individuals, but questions the constraint of limiting data to the original, individual program or agency. An alternate approach might include standard procedures to facilitate ongoing matches across agencies and departments grouped by program type rather than agency or department. One possible program type that involves more than one agency or department is "lending programs," which would include the Departments of Agriculture and Education.

The current technological barriers to matching are more concerned with file structure inconsistencies than overall hardware incompatibility. Modern retrieval packages can overcome many data incompatibility problems. At the same time, the major data points utilized by retrieval packages demonstrate which data points are most critical for a successful computer matching. In effect, those data points have been isolated and should be the primary focus for data collection and file structure standards of the future.

Recommendations

INFO GAP 4-1: Standardize data collection and file structure codes for basic data points such as sex, street abbreviations and Social Security number.

INFO GAP 4-2: Identify programs with high potential for fraud and abuse by program type rather than agency responsibility. "Program types" should include lending, dietary subsistence, assistance to individuals and Government contractors. Require a common identifier as a condition for eligibility (i.e., Social Security number).

INFO GAP 4-3: Familiarize program managers and others with the advantages of computer matching.

INFO GAP 4-4: Explore requiring front-end screening in determining eligibility for loan, grant and entitlement programs.

Savings and Impact Analysis

The cost savings, revenue and cash accelerations for this issue, Information Utilization -- Computer Matching, are listed in Table II-7, but the dollar amounts reported are duplicative of savings reported previously by PPSS and are presented here only to provide the reader with a perspective of the scope and significance of the information gap problem.

In reporting cost savings and revenues, the Project Team has given each information gap a primary issue assignment, although many of the information gaps are more complex than any one problem area. Therefore, when an item is duplicated within the Report, it is netted out so that the dollar amount for any single information gap is counted only in its primary area.

The information gaps and their related dollar amounts are reported over three years. The table which follows consists of three parts: two detailed parts, Section I and Section II, and a consolidated totals part, the Summary, as described below:

- Section I: information gaps which are specifically addressed in the text of this issue.
- Section II: information gaps which are <u>not</u> specifically addressed in the text of this issue, but which the Project Team finds relevant to this issue.
- Summary: consolidated totals from Sections I and II.

Detailed discussion of these information gaps appears in the Appendix to this Report, which is contained in this volume.

Implementation

The recommendations in INFO GAP 4-1 through 4-3 can be authorized by the Executive Office of the President and would necessitate input by OMB and the General Services Administration. Recommendation INFO GAP 4-4 will require Congressional action.

[Table II-7 on the following pages]

TABLE II-7: INFORMATION UTILIZATION -- COMPUTER MATCHING 1/

Task Force Issue Number	Topic	Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
	Section I: Information Gaps Contained In This Issue				
AG 9	AFDC Outdated Statistics	$1,039.0	$1,142.9	$1,257.2	$ 3,439.1 (S)
ADP 1	17,000 Computers Can't Talk				2/
ADP 6	Office Automation	339.0	2,211.0	3,987.0	6,537.0 (S)
ADP 15	Claims and Benefits Automation				2/
ASSET 26	Debt Collection	600.0 60.0	2,200.0 286.0	5,300.0 844.6	8,100.0 (CA) 1,190.6 (S)
ASSET 27	Internal Revenue Service Refund Offset	583.2 58.3	641.6 128.3	705.7 211.7	1,930.5 (CA) 398.3 (S)
HUD 5	Benefits Eligibility	565.0	621.5	683.6	1,870.1 (S)
LISAB 4	Income Verification	667.0	745.9	844.6	2,257.5 (S)
Total Section I Savings (S)		$2,728.3	$5,135.6	$7,828.7	$15,692.6 (S)
Total Section I Revenue (R)		-	-	-	- (R)
Grand Total Section I Savings and Revenue		$2,728.3	$5,135.6	$7,828.7	$15,692.6 (S)
Memo: Total Section I Cash Acceleration (CA)		$1,183.2	$2,841.6	$6,005.7	$10,030.5 (CA)
	Section II: Information Gaps Relevant To This Issue				
ADP 17	IRS Productivity Improvement				2/
ED 4	Contracts and Discretionary Grants	$ 132.5	$ 35.7	$ 39.4	$ 207.6 (S)
LISAB 9	Medical Quality Control				2/
Total Section II Savings (S)		$ 132.5	$ 35.7	$ 39.4	$ 207.6 (S)
Total Section II Revenue (R)		-	-	-	- (R)
Grand Total Section II Savings and Revenue		$ 132.5	$ 35.7	$ 39.4	$ 207.6
Memo: Total Section II Cash Acceleration (CA)		$ -	$ -	$ -	$ - (CA)

TABLE II-7: INFORMATION UTILIZATION -- COMPUTER MATCHING (CONT'D) 1/

Task Force Issue Number	Topic	Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
	Summary: Consolidated Section I and Section II Totals:				
	Total Section I and II Savings (S)	$ 2,860.8	$ 5,171.3	$ 7,868.1	$ 15,900.2 (S)
	Total Section I and II Revenue (R)	-	-	-	- (R)
	Total Savings and Revenue in Issue	$ 2,860.8	$ 5,171.3	$ 7,868.1	$ 15,900.2 (S)
	Less Duplicated Savings 3/	$ 1,099.0	$ 1,428.9	$ 2,101.8	$ 4,629.7
	Less Duplicated Revenue 3/	-	-	-	-
	Net Unduplicated Savings and Revenue	$ 1,761.8	$ 3,742.[illegible]	$ 5,766.3	$ 11,270.5
	Memo: Total Cash Acceleration (CA)	$ 1,183.2	$ 2,841.6	$ 6,005.7	$ 10,030.5
	Less Duplicated Cash Acceleration	600.0	2,200.0	5,300.0	8,100.0
	Net Unduplicated Cash Acceleration	$ 583.2	$ 641.6	$ 705.7	$ 1,930.5

1/ Amounts in this Table represent duplicate cost savings, revenue and cash acceleration for PPSS, as these dollar amounts were previously reported by PPSS. These amounts include inflation and are net of implementation cost.

2/ Not quantified.

3/ These amounts are claimed in another issue within the Information Gap Report and are netted out in this issue. All dollar amounts in the Information Gap Report duplicate savings previously reported by PPSS.

B. STRUCTURE

INFO GAP 5: A STRUCTURE TO FACILITATE THE INFORMATION MANAGEMENT PROCESS

Issue and Savings

How can the overall information management process be strengthened to provide both an effective and efficient information management process in the Federal Government?

A structure is necessary to assure that the information management process recommended in INFO GAP Issues 1-4 functions properly.

Recommendations in the task force reports to correct information problems related to this issue provide opportunitites for three-year cost savings and revenue which total $19.0 billion ($9.6 billion when information gaps previously cited in this Report are netted out).

Background

Organizations have communication and reporting channels, commonly called structure, to facilitate the desired processes of the organization and to institutionalize the processes as a part of the culture of the organization. Common elements of structure include levels of authority and responsibility, training and staffing levels, coordination and liaison functions, rules and procedures, and incentive programs. These elements may be adjusted in any possible combination to cause an organization's members to emphasize different processes.

This concept of organizational structure has been long recognized in the management literature. Organizational theorist Mason Haire summarized the concept as: "What gets measured gets done." By measuring something, it focuses attention on it and people respond.1/ When a business

1/ Thomas J. Peters and Robert H. Waterman, Jr., In Search of Excellence (New York: Harper and Row, Publishers: 1982), p. 268.

changes its business strategy, it often will elect to make structural changes to focus attention on the new business plan. For example, a business which reaches product/market maturity (a period of slower growth than a previous period) would most likely shift to tighter budgeting and stricter controls, and would alter the incentives systems to get managers and employees to concentrate more carefully on cost control since sales are no longer expanding as rapidly as before. These shifts to different measures such as tighter budgets are structural changes which serve to focus the attention of the workers in an organization on new goals.

Methodology

In analyzing the structural problems that impede the improvement of management information, the following sources were utilized:

- o review of the PPSS task force and selected issue reports of which 23 contain information gaps relevant to this issue;
- o review of selected general business periodicals and publications; and
- o discussion with PPSS task force members.

Findings

Interagency and interdepartmental structural impediments produce a leadership void in information management. Communication of information among and between Executive Branch agencies and departments is haphazard and disjointed. As a result, Government decision makers are often faced with "feast or famine" when it comes to information availability -- there is either too much or not enough information for informed, rational decision-making.

There are four basic structural reasons for this information gap at the interagency and interdepartmental level. The first cause is overly decentralized structures, for example:

- o Even though virtually every Federal agency and department is involved in personnel travel and transportation, there is no central clearinghouse for information concerning routes, rates, travel and hotel discounts -- either within individual

agencies and departments or Government-wide. This lack of information deprives the Government of volume discounts, thus increasing Government travel costs (TTM 1).

- Government freight traffic management systems are not adequate to gather consolidated Government-wide shipping data -- thus the Government cannot take advantage of its significant freight traffic volume to earn discounts (TTM 3).

Information gaps are caused by overlapping structures, too. Responsibilities for property, financial management, human resources and automated data processing (ADP) management are shared among Executive Branch agencies. Thus, no single department or agency is solely responsible for overall Executive Branch administrative direction and policy setting in these areas. For example,

- Property management. The Federal Property and Administrative Services Act of 1949 created the General Services Administration (GSA) and assigned the Administrator authority to "prescribe policies and methods of procurement." In 1974, however, the Office of Federal Procurement Policy was established within the Office of Management and Budget (OMB) (P.L. 93-400) to provide "overall direction of procurement policy ... and prescribe policies, regulations, procedures, and forms." In real property disposition, the Federal Property and Administrative Services Act requires the GSA Administrator to "prescribe policies and methods to promote the maximum utilization of excess property." Executive Order 12348 established a Property Review Board to "develop and review Federal real property acquisition, utilization and disposal policies with respect to their relationship to other Federal policies."

- Financial management. Responsibilities are shared by OMB, Treasury and GSA in the Executive Branch, and the General Accounting Office and the Joint Financial Management Improvement Program in the Legislative Branch. No single organization is responsible for establishing Federal financial management policy or coordinating activities. The impact of this fragmentation is a lack of focused attention on major opportunities for cost reduction and management improvements (FMS 1).

- Human resources management. Responsibilities are shared by the Office of Personnel Management (OPM), departments and agencies, and OMB. OPM provides primary policy oversight for Government-wide civilian personnel activities. Agencies establish positions based on OMB position controls, and hire and train personnel for those positions. OMB focuses on position control and not on other elements of human resources management.

- ADP management. The Brooks Bill of 1965 assigned to GSA the responsibility of managing ADP acquisitions and promoting sharing among agencies; to OMB, the responsibility to provide "policy guidance to promote effective and economic application and utilization of ADP equipment and to evaluate ADP management performance;" and to the National Bureau of Standards in the Department of Commerce, the development of uniform Federal ADP standards. The Paperwork Reduction Act of 1980 assigned OMB the responsibility for "developing and implementing policies, principles, standards, and guidelines for automatic data processing and telecommunications ... and overseeing the establishment of standards."

The impact of this fragmentation is a lack of focused attention on major opportunities for cost reduction and management improvements (FMS 1). In contrast to the Federal Government, management practice in the seven corporations reviewed by the PPSS Federal Management Systems Task Force found that in all cases, authority for administrative functions was centralized in the corporate headquarters in one specific office.

Inconsistent rules and standards add to the information gap problem, too. For example, when the Department of Justice attempts to collect debt for other Government agencies, lack of uniform accounting forms and definitions prevents effective debt receivables management. Government agencies do not agree even as to what constitutes an overdue account (JUSTICE 1).

The absence of interdepartmental coordination and liaison is the fourth fundamental factor contributing to the information gap problem. Credit information on a Government-wide basis is not timely, accurate or complete even though the Government's direct lending activities make it one of the largest banks in the world. There are no Government-wide statistics on default nor do departments

share information on credit-worthiness (ASSET 12). Similarly, there are no procedures for the Department of Defense (DOD), the Veterans Administration (VA), and the Indian Health Service to identify patients with dual eligibility for health care programs. Thus, about 20 percent of claims result in duplicate or erroneous payments (HOSP 12).

Structural problems are not limited to the organizational structure of the Federal Government as a whole. Underlying and contributing to the Federal Government's process problems are structural deficiencies within the individual departments and agencies. PPSS task force reports reveal information gaps caused by intra-department and agency structural deficiencies such as a lack of coordination, inhibitive and insufficient rules and procedures, poorly established areas of responsibility and accountability, inadequate training, and an absence of incentive systems.

One example of a structural information gap caused by a failure to coordinate activities exists in the litigating divisions of the Department of Justice (DOJ). DOJ does not employ a comprehensive systems approach to litigation management so that Department resources can respond effectively to fluctuating litigation demands. Instead, each division is currently developing its own case management and litigation support system without regard to the hardware and software compatibilities of other divisions. This lack of divisional coordination results in duplication of effort in attorney and programmer time, and non-uniformity of data, which cannot be aggregated for reporting or management purposes (JUSTICE 6). Other coordination failures lead to information gaps in the Department of Labor and DOD.

- Productivity Measurement and Improvement within the Department of Labor is not useful for performance appraisal due to an insufficient management information system. Underlying this, however, is the lack of an organizational mechanism to provide liaison among agencies (coordination), to encourage management support, or to assist in offering technical advice about the implementation and evaluation of such a system (LABOR 4).

- Engineering is not cost-effective in DOD laboratories. The problem stems from insufficient dissemination of information on emerging technological developments to apply to the appropriate phases of the weapons acquisition process. Contributing to the problem, however, is a struc-

tural deficiency relating to poor organizational coordination. No centralized, coordinated effort exists to disseminate the emerging information (OSD 19).

Rules and procedures can be either insufficient or inhibitive to the information management process. For example, Federal food service programs are not monitored, resources are not effectively deployed, and funds are commonly duplicated or misdirected. The problems stem from the lack of management information systems as well as of budgeting and cost accounting systems for detailing Federal feeding functions. In addition, there is a management goal orientation that feeding is a secondary role in the operations of Federal agencies and departments; therefore, they receive secondary management attention and focus. Underlying this orientation, however, is a structural deficiency involving insufficient rules and procedures. No single, comprehensive Federal feeding policy currently exists (FEEDING 1). Similar rules and procedure problems exist in GSA, DOD and the Public Health Service (PHS).

- GSA is not effectively managing its leases and acquisitions due to an untimely, inaccurate and unreliable information system. Underlying these problems, however, are structural deficiencies involving inhibitive rules and procedures that focus on process more than results.

- Inventory control in DOD is lacking due to incompatible inventory data systems and an outdated ADP system. Yet underlying this equipment obsolescence is a structural deficiency involving ADP procurement procedures, which are time consuming and inefficient. Consequently, local management tries to make do with the outdated system. As a result, inventory management decisions are sub-optimal, stocks are not balanced and there is often excessive stock build-up, unneeded inventory investment, and excessive obsolescence (OSD 2).

- Delinquency rates on debt collection at the PHS in the Department of Health and Human Services (HHS) have become excessive, principally because of the lack of an information system to monitor and control billings and receivables. Yet underlying this are structural deficiencies involving insufficient rules or procedures in the financial accounting area (HHS-PHS 7A).

In many instances, the basic data needed to provide the necessary information exists in the organization, but because responsibility, authority and accountability for the information is poorly defined, it does not reach the decision maker in the proper manner. For instance, the collectibility of past due loans at the Small Business Administration is jeopardized by the lack of timely information on past due loans. Contributing and perpetuating this problem is a structural deficiency involving insufficient designation of accountability for information among program officers (SBA 2). This kind of accountability problem is not limited to SBA and is apparent in the following areas:

- Federal fleet management differs in quality from agency to agency and is often duplicative, resulting in unnecessary expenditures for facilities, vehicles and equipment. Much of the problem stems from an inadequate, centralized fleet management information system. Yet underlying this problem are structural deficiencies involving the insufficient designation of responsibility/authority/accountability for fleet management information as well as the lack of motivation for identifying or solving the problem (LAND 2).

- The Department of Housing and Urban Development (HUD) management lacks information to gauge program activity and effectiveness. Contributing to this are structural problems involving insufficient designation of responsibility/authority/accountability for the information as well as inadequate coordination. No one area of HUD is given responsibility and authority for coordinating and developing Department-wide financial systems (HUD 1).

- Maintenance management practices in Navy aircraft power plants are ineffective and inefficient. The problem results from inadequate engine monitoring and component removal information systems. Contributing to these problems, however, are structural problems involving insufficient designation of responsibility/authority/accountability for maintenance information among program managers as well as poor coordination between departments in the work planning process (NAVY 13).

- Federal construction management efforts are experiencing schedule delays and cost overruns. Contributing to this problem is an inadequate

management information system that concentrates on financial data rather than the physical status of construction and related activities. Underlying this, however, is a structural deficiency involving an insufficient designation of responsibility/authority/accountability for the required information. There currently is no single individual accountable and responsible for planning, organizing, staffing, directing, controlling and leading each Government construction project (CONST 21).

- The Department of Energy is hampered in managing agency operations, largely due to incomplete, outdated and inaccurate financial reports. Yet underlying this is a structural deficiency involving insufficient designation of responsibility/authority/accountability to ensure that the information policies are implemented (ENERGY 8).

- There is a lack of control in DOD over Government-furnished material requisitions, which has led to an abuse of the program. Contributing to this lack of control is the lack of an information system and auditable record of Government-furnished material transactions. Yet underlying this is a structural deficiency involving the lack of specific responsibility/accountability/designation for the program as it is processed across disparate maintenance, supply, procurement and contract administration functions (OSD 39).

- The Federal Procurement Data System lacks key information regarding consulting service contracts. The results of this information gap are exhibited in the Air Force's procurement of consulting services, where too many contracts are sole-sourced and too often based on unsolicited proposals. Further results indicate that duplicative and irrelevant studies are commonly authorized. The underlying cause of the information problem involves structural deficiencies relating to the lack of clear-cut authority to impose and enforce a system of controls over Circular A-120 procurement (USAF 22).

Another key area of structural deficiency noted in the task force reports involves poor training and/or employee staffing of operations. If the staff is unable to properly

utilize or disseminate information, an information gap can easily arise. A case in point is the unacceptably high rate of delinquent receivables at the Environmental Protection Agency. The problem results from an inaccurate and untimely financial information system. One of the reasons the system is inaccurate and untimely is that employees are insufficiently trained to use the system. The system is so complex and employee knowledge of the system so poor that many employees avoid using the system (EPA 12). This type of training-related information gap occurs in other agencies:

- Inventory losses in the Navy are excessive due to an insufficient inventory information and control system. Underlying this are structural problems involving insufficient designation of responsibility/accountability, as well as the assignment of inexperienced, insufficiently trained officers to supply centers (NAVY 8).

- There is a lack of control in the Federal Hospital System over duplicate or erroneous payments, and as a result some 15-20 percent of all VA and HHS claims result in duplicate or erroneous payments. Underlying this problem is lack of knowledge on the part of contract health officers about authorization procedures (training) as well as a lack of incentives at the program level to initiate cooperation (HOSP 12).

- The Department of Education is experiencing many cases of waste, fraud, abuse and error relating to the disbursement of funds for Congressionally mandated educational programs. The problem relates to a weakness in the Department's management information systems and internal controls as well as a goal orientation among officials to disburse the funds promptly. Yet underlying these weaknesses are structural deficiencies involving staff shortages and undesignated responsibility for internal controls (ED 2).

- The Collection Division of the Internal Revenue Service is suffering from a record level of delinquent taxes. The problem relates to an ineffective information system. Yet contributing to this problem are structural problems involving understaffing and the inefficient deployment of professional staff to other duties (TREAS 1).

Well-managed private sector firms have long recognized that different goals and strategies require different structures and incentive systems to get personnel to adapt to and be supportive of such goals. For example, a firm that chooses to pursue a strategy of overall cost leadership would use a different incentive structure to motivate its employees than a firm that pursues a strategy of differentiation of products. The overall cost leadership firm would employ an incentive system based on meeting strict quantitative targets whereas the differentiation firm would use subjective measurement and incentives instead of quantitative measures.[2]

When General Electric (GE) decided to alter its strategic planning system in the early 1970s from a decentralized functional planning model to the strategic business unit (SBU) approach, the measurement and reward of managerial performance was also changed. Previously, GE had compensated managers on the basis of residual earnings. To ensure that managers acted in accordance with the SBU system, SBU managers in different strategic sectors of the business portfolio were measured and compensated differently.[3]

In the Federal Government, there are few incentives for the improvement of information management. Indeed, there are significant disincentives. One such example is the billions of dollars in interest expense the Government incurs unnecessarily each year because of ineffective accounting systems and cash management practices. One of the reasons the problem persists is that no incentive system exists among agencies to improve their practices. In fact, an incentive exists to continue the bad practice. That incentive rests with the fact that the Treasury traditionally pays all costs of money within the Government, whether or not it is the agency requiring the disbursement. The agency that manages its cash poorly and causes the Government to incur higher interest expenses is charged nothing for the cost of its mismanagement. But, if the agency wanted to upgrade its system, the agency would have to pay the costs of acquiring and operating the new system (ASSET 8). Consequently, it is "cheaper" for the agency to

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2/ Michael E. Porter, Competitive Strategy (New York: The Free Press, 1980), pp. 40-41.

3/ William K. Hale, "SBU's: Hot, New Topic in the Management of Diversification," Business Horizons (February 1978): 17.

continue to mismanage its cash. Additional structural incentive problems leading to information gaps follow:

- The total debt owed the Federal Government has increased 25 percent since 1978 while delinquencies have risen by 38 percent. There is little incentive for agencies to collect debts because the monies recovered are credited to the Treasury Department and do not affect the agencies' annual appropriations (ASSET 26).

- The Department of Labor's management information systems do not produce the information needed to evaluate the performance of individual employees. Therefore, comparative data are not available and there is no incentive for productivity improvement (LABOR 4).

- The Government does not set user charge prices or manage receipts so as to maximize productivity, cost recovery and program efficiency because the existing budgetary accounting system acts as a disincentive for the efficient collection of user charge receipts (USER 1).

- Productivity in completing in-house maintenance of real property is substantially below private sector standards because there are no incentives for cost control and efficiency (PROP 6).

- The Office of Student Financial Aid in the Department of Education is ineffectively managing and controlling the debt collection of student loans. The problem stems from the lack of suitable information upon which to base judgments. Yet underlying this are numerous structural deficiencies involving lack of incentives, insufficient training and inadequate procedures at the institutional level (ED 3).

- The VA Office of Construction bases major planning decisions on insufficient information, resulting in the authorization of potentially wasteful projects. Contributing to the problem is a poor assessment of the information needed for construction planning. Yet underlying this is a structural deficiency involving the lack of incentives for improvement (HOSP 5).

- The VA exhibits poor administration and financial controls as well as a lack of planning as it

relates to hospital purchases on the open market; contributing to the problem is an insufficient procurement data system. Yet underlying these problems is the lack of an incentive system to encourage more efficient management (HOSP 9).

Conclusions

The purpose of structure is to facilitate process and to institutionalize the process as a part of the culture of the organization. The primary variables of structure are levels of authority and responsibility, training and staffing levels, coordination and liaison functions, rules and procedures, and incentive programs. These elements are often not present, or they are poorly utilized, in the Federal Government. As shown in the Findings section of this issue, these structural failures impede the flow of useful and needed management information.

When a new focus or process is desired in an organization, the structure of the organization must change to help the organization break out of its former way of doing business. In the private sector, a business that reaches product/market maturity would most likely shift to tighter budgeting, stricter controls, and new performance-based incentive systems. Different management variables such as accounts receivable might become more important than they were prior to reaching maturity.[4] These shifts in focus require new organizational structures to promote the change.

In the early 1970s, GE altered its approach to strategic planning. In order to institutionalize the new type of strategic thinking the firm desired, GE found it necessary to realign the structure of the entire organization. GE, one of the best managed firms in the country, made the shift because of the belief that strategy implementation decisions will be made only "if managerial selection, approval, and incentives are consistent with the strategy and with the planned results."[5]

To achieve the needed focus on an information management process, structural changes in the current system at

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4/ Michael Porter, Competitive Strategy: Techniques for Analyzing Industries and Competitors (New York: The Free Press, 1980), p. 250.

5/ William K. Hall, "SBUs: Hot, New Topic in The Management of Diversification," Business Horizons (February 1978): 23.

both the Executive Office of the President (EOP) level and within the individual operating units must be implemented. This new structure would allow for the:

- o monitoring and management of information flow;
- o coordination of the needs of the different levels of management decision makers;
- o required leadership in setting quality standards on common information needs; and
- o signaling to all managers the importance of the information management process.

The needed structural changes require both a stable or rigid adjustment and a shift to provide a flexible, almost entrepreneurial function to oversee the flow of information. Consequently, the information management structure needs a top-down focus from OMB or the proposed Office of Federal Management to provide consistency with the goals of EOP and individuals in each department and agency, and to provide "hands-on" assistance to departmental leaders in overcoming the process roadblocks to effective information flow.

The "stability" structural function would supply the needed leadership for Government-wide standards on applicable critical success factors, such as the aging of debt to improve Government-wide management of accounts receivable. This organization would be in EOP and could include a Government Accounting Standards Board modeled on the private sector's Financial Accounting Standards Board.

The more flexible structural function, or "entrepreneurial" function, would be of a problem-solving type. This person would be held accountable for finding out which processes do not work and why they do not work. To continue the accounts receivable example, the entrepreneurial function would be concerned with whether the problem is possibly an improper data collection process, an antiquated computer, or staff persons who are improperly trained to run the system. The focus would be on seeking agency and departmental solutions.

The Project Team does not intend to suggest that this structural shift should try to get everyone on board about a definition of a critical success factor before any change goes forward. Instead, the components in this structure are to focus on incremental, ongoing improvements. Once again, the accounts receivable area demonstrates this point. The first major study of the problem was conducted

in 1978. To date, in late 1983, Government departments and agencies still have not been able to agree on a point in time at which uncollected debt is delinquent. Massive new computers and forms require years of lead time. What is needed is a "hands-on" focus to clear the roadblocks and leadership voids now.

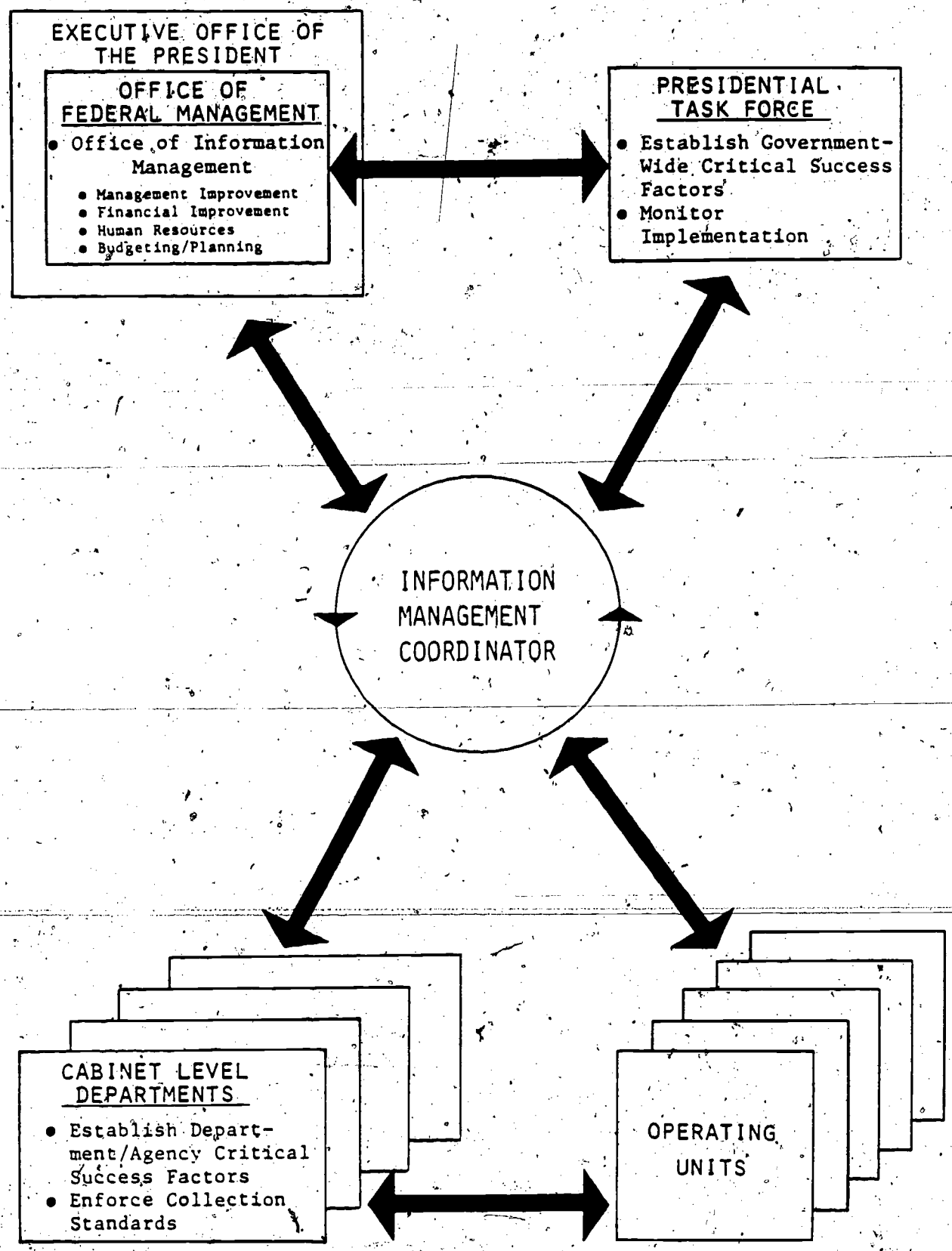
Recommendations

The Project Team recommends that the two structural elements needed to facilitate the information management process can be realized through the appointment of a Presidential Task Force, the creation of an Office of Information Management in the proposed Office of Federal Management, and the selection of Information Coordinators in the individual departments and agencies. The linkages between these groups is shown in Exhibit II-3 and are discussed in the text which follows the exhibit.

[Exhibit II-3 on following page]

Exhibit II-3

A STRUCTURE TO FACILITATE
AN INFORMATION MANAGEMENT PROCESS



INFO GAP 5-1: Establish a Presidential Task Force on information management in the Federal Government to conduct an information needs assessment at the EOP level, add credibility to the recommended information management process, and add purpose to the new structure of information management. This Task Force would be responsible for setting the top-down goals and commitment of the EOP. The duties of this Presidential panel include:

- Select the first three to six Government-wide critical success factors, which should be "budget" and "planning" driven. This duty should be completed in 90 days.
- Establish quarterly review meetings to monitor and assess progress of the information management process and structure.

This panel should be representative of both public and private sector management and is intended to demonstrate commitment and provide direction. It is not intended to add staff and create excessive process. The composition of the panel should be:

- Chief Financial Officer of the United States Government as proposed in the Federal Management Systems Task Force Report.
- Two to three representatives of Cabinet offices.
- Two to three senior private sector executives, preferably one of senior financial officer status and one with management information systems experience.
- Comptroller General of the United States.
- Two additional members with varied, but relevant background. Possible candidates might include:
  - chief executive/operating officer with an academic institution; and
  - city government executive for a city that utilizes generally accepted accounting practices.

INFO GAP 5-2: Establish a Government-wide information management office in the proposed Office of Federal Management (OFM). The purpose of this OFM office is to provide a

linkage between the goals of the Executive Branch as established by the Presidential Task Force and the implementing phases at both the EOP and department/agency levels. The office should include a Government Accounting Standards Board to support the Chief Financial Officer in OFM and provide the necessary leadership on critical needs improvement in accounting standards.

INFO GAP 5-3: Create the position of Information Management Coordinator. One position should be established and a person appointed to the position in each department and agency. This position is vital to providing a constant channel of communication between the EOP and the departments/agencies and the related operating units. This person will have many entrepreneurial functions as well as standard process functions. A possible job description of an "Information Management Coordinator" appears in Exhibit II-4.

[Exhibit II-4 on following pages]

Exhibit II-4

REPRESENTATIVE JOB DESCRIPTION: INFORMATION MANAGEMENT COORDINATOR

The general objective of the Information Management Coordinator (IMC) is:

> To facilitate proper data collection, information processing, and dissemination which meets the decision-making needs of agency and department managers.

Thus, the IMC bears the ultimate responsibility for the efficient flow of timely information when and where it is needed.

There are seven basic duties which the IMC must discharge in order to achieve the overall information management goal. The following duties are not an exhaustive list, but rather an illustrative collection of threshold responsibilities deemed critical to the successful management of information.

TASKS

ANALYSIS For close consultation with department and agency managers, the IMC must engage in an analysis of the Critical Success Factors (CSF) for the particular department or agency. CSFs are the three to six key information needs that are essential to ensure the attainment of department or agency goals. CSFs answer the question, "What do I need to know?"

PROMOTION The IMC must familiarize department and agency managers with computer applications, fostering a greater understanding of how ADP and computers can help managers obtain and use the information needed for informed decision-making.

COORDINATION The IMC serves as a liaison both within the department or agency and between departments and agencies. Thus, the IMC will keep managers within a department informed of new computer applications while sharing this information with IMCs from other departments. The IMC will coordinate managerial needs with the ADP Information Resources Manager.

MONITORING The IMC will conduct an ongoing needs assessment and monitor the performance of systems already in use.

REFINEMENT Based on the findings of the monitoring activity, the IMC will adjust and refine equipment acquisition (including hardware and software) as well as modify personnel training and needs. Additionally, the IMC will assess and recommend changes in organizational structures including systematic incentive/disincentive structures that hinder effective information management.

REVIEW The IMC will conduct an annual review of the total information management system. This review will encompass not only equipment and personnel, but also an examination of established and emerging CSFs in the context of long-range environmental forecasts.

EXPLORATION The IMC will seek out and anticipate new areas of computer and ADP applications in order to prevent information gaps from occurring.

SKILLS (minimum qualifications)

Required knowledge, skills and abilities:

- Strong interpersonal skills
- Background in systems operations
- En- coordination of diverse areas of respo ibility and unstructured problems
- Good writing and communication skills

Education:

- Financial, some computer background

Experience:

- Management information systems
- Program management
- Government operations

Savings and Impact Analysis

The cost savings, revenue and cash accelerations for this issue, A Structure to Facilitate the Information Management Process, are listed in Table II-8, but the dollar amounts reported are duplicative of savings reported previously by PPSS and are presented here only to provide the reader with a perspective of the scope and significance of the information gap problem.

In reporting cost savings and revenues, the Project Team has given each information gap a primary issue assignment, although many of the information gaps are more complex than any one problem area. Therefore, when an item is duplicated within the Report, it is netted out so that the dollar amount for any single information gap is counted only in its primary area.

The information gaps and their related dollar amounts are reported over three years. The table which follows consists of three parts: two detailed parts, Section I and Section II, and a consolidated totals part, the Summary, as described below:

- Section I: information gaps which are specifically addressed in the text of this issue.
- Section II: information gaps which are <u>not</u> specifically addressed in the text of this issue, but which the Project Team finds relevant to this issue.
- Summary: consolidated totals from Sections I and II.

Detailed discussion of these information gaps appears in the Appendix to this Report, which is contained in this volume.

Implementation

All of the recommendations in Issue INFO GAP 5 may be implemented by the Executive Office of the President.

[Table II-8 on following pages]

TABLE II-8: STRUCTURE 1/

Task Force Issue Number	Topic	Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
	Section I: Information Gaps Contained In This Issue				
USAF 22	Procurement of Support Services	$ 68.8	$ 75.7	$ 83.2	$ 227.7 (S)
OSD 2	Improved Inventory Management	288.0	4,425.0	1,361.2	6,074.2 (S)
OSD 19	DoD Laboratories	233.1	513.6	847.0	1,593.7 (S)
OSD 39	Financial Issues — Government-Furnished Materials	40.0	44.0	48.4	132.4 (S)
ED 2	Management Information Systems	145.0	294.5	324.0	763.5 (S)
ED 3	Student Loan Delinquencies	117.0	180.2	198.2	495.4 (S)
ENERGY 8	Multiple Accounting Systems	3.5	3.8	4.2	11.5 (S)
EPA 12	Financial Systems	1.2	1.3	1.4	3.9 (S)
SBA 2	Loan Quality Improvement				2/
CONST 21	Construction Project and Program Management	50.0	55.0	181.5	286.5 (S)
FEEDING 1	Policy and Management Information for Federal Feeding				2/
HOSP 5	VA Hospital Construction Program	16.0	323.6	393.7	733.3 (S)
HOSP 9	Open Market Purchases	67.0	73.7	81.1	221.8 (S)
HOSP 12	Duplicate Payments in the Federal Hospital System	58.9	64.8	71.3	195.0 (S)
FMS 1	Administration and Management				2/
ASSET 8	Cash Management Incentives				2/
ASSET 12	Direct Government Lending —	1,054.0	1,910.6	2,606.6	5,571.2 (CA)
	Credit Processing	105.4	307.0	[illegible].4	1,010.8 (S)

TABLE II-8 : STRUCTURE (CONT'D) 1/

Task Force Issue Number	Topic	Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
	Section I: Information Gaps Contained In This Issue (Cont'd)				
ASSET 26	Debt Collection	$ 600.0	$2,200.0	$5,300.0	$8,100.0 (CA)
		60.0	286.0	844.6	1,190.6 (S)
HHS-PHS 7A	Debt Management	7.0	7.1	7.6	21.7 (CA)
		0.7	1.5	2.4	4.6 (S)
HUD 1	Financial Management Systems	222.5	-	-	222.5 (CA)
		88.4	97.3	107.0	292.7 (S)
		84.0	92.4	101.6	278.0 (R)
JUSTICE 1	Uncollected Revenues	18.3	21.9	4.0	44.2 (CA)
		1.8	2.4	0.8	5.0 (S)
		335.0	138.6	152.5	626.1 (R)
JUSTICE 6	Automated Legal Support System	10.2	12.3	14.8	37.3 (S)
LABOR 4	Productivity Measurement and Improvement	15.2	16.7	18.4	50.3 (S)
LAND 2	Federal Vehicle Fleet Management	8.0	50.0	88.1	146.1 (S)
		4.8	5.2	5.8	15.8 (R)
NAVY 8	Supply Inventory Management	66.6	66.7	66.7	200.0 (S)
NAVY 13	Aircraft Powerplant Maintenance Management	5.0	5.0	5.0	15.0 (S)
PROP 6	In-house Maintenance Productivity	340.0	374.0	411.4	1,125.4 (S)
PROP 8	GSA Policies and Procedures	29.7	46.8	68.0	144.5 (S)
TREAS 1	Collection of Delinquent Taxes	23.0	25.3	27.8	76.1 (S)
USER 1	User Charges Program Management				2/

TABLE II-8 : STRUCTURE (CONT'D) 1/

Task Force Issue Number	Topic	Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
	Section I: Information Gaps Contained In This Issue (Cont'd)				
TTM 1	Federal Travel Procurement	$ 297.3	$ 327.0	$ 359.7	$ 984.0 (S)
TTM 3	Traffic Management	160.0	176.0	193.6	529.6 (S)
Total Section I Savings (S)		$ 2,299.8	$ 7,849.2	$ 6,401.9	$ 16,550.9 (S)
Total Section I Revenues (R)		423.8	236.2	259.9	919.9 (R)
Grand Total Section I Savings and Revenue		$ 2,723.6	$ 8,085.4	$ 6,661.8	$ 17,470.8
Memo: Total Section I Cash Acceleration (CA)		$ 1,901.8	$ 4,139.6	$ 7,918.2	$ 13,959.6 (CA)
	Section II: Information Gaps Relevant To This Issue				
EPA 10	Personnel Management	$ 1.8	$ 2.1	$ 2.3	$ 6.2 (S)
HOSP 3	Central Health-DOD	225.0	247.5	272.2	744.7 (S)
ASSET 9	Cash Management Incentives Administration				2
HHS MGMT 3	Correspondence Control and Clearance	1.6	2.6	2.9	[illegible] (S)
HHS-PHS 7	PHS Student Loans	10.0 ([illegible])	10.0 (0.2)	[illegible] 0.6	30[illegible] (CA) (0.[illegible]) (S)
INTERIOR 9	Cash Management Improvements	38.0 3.8	81.0 8.4	100.9 11.1	219.9 (CA) 23.3 (S)
JUSTICE 2	Asset Seizure	86.9 8.7	95.6 19.1	61.7 22.0	244.2 (CA) 49.8 (S)
JUSTICE 3	Travel Procurement, Expense Accounting, and Reimbursement	1.1	1.2	1.3	3.6 (S)
USER 8	USDA Forest Service Firewood	19.2	21.1	23.3	63.6 (R)

TABLE II-8: STRUCTURE (CONT'D) 1/

Task Force Issue Number	Topic	Savings (S)/Revenue (R)/Cash Accelerations (CA) 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
	Section II: Information Gaps Relevant To This Issue (Cont'd)				
PPAV 1	Publication Management	$ 100.0	$ [illegible]	$ [illegible]	$ 331.0 (S)
PPAV 2	Publication User Fees	80.0	88.0	96.8	264.8 (R)
Total Section II Savings (S)		$ 341.0	$ 390.7	$ 433.4	$ 1,165.1 (S)
Total Section II Revenue (R)		99.2	109.1	120.1	328.4 (R)
Grand Total Section II Savings and Revenue		$ 440.2	$ 499.8	$ 553.5	$ 1,493.5
Memo: Total Section II Cash Acceleration (CA)		$ 134.9	$ 186.6	$ 172.6	$ 494.1 (CA)
	Summary: Consolidated Section I and Section II Totals				
Total Section I and II Savings (S)		$ 2,640.8	$ 8,239.9	$ 6,835.3	$ 17,716.0 (S)
Total Section I and II Revenue (R)		523.0	345.[illegible]	380.0	1,248.3 (R)
Total Savings and Revenue in Issue		[illegible]3,163.[illegible]	8,58[illegible]	$ 7,215.3	$ 18,964.3
Less Duplicated Savings 3/		$ 884.8	$ 5,574.2	$ 2,664.3	$ 9,123.8
Less Duplicated Revenue 3/		84.0	92.4	101.6	278.0
Net Unduplicated Savings and Revenue		$ 2,195.0	$ 2,918.6	$ 4,449.4	$ 9,562.5
Memo: Total Cash Acceleration (CA)		$ 2,036.7	$ 4,326.2	$ 8,090.8	$ 14,453.7 (CA)
Less Duplicated Cash Acceleration		229.5	7.1	7.6	244.2
Net Unduplicated Cash Acceleration		$ 1,807.2	$ 4,319.1	$ 8,083.2	$ 14,209.5

1/ Amounts in this Table represent duplicate cost savings, revenue and cash acceleration for PPSS, as these dollar amounts were previously reported by PPSS.

2/ Not quantified.

3/ These amounts are claimed in another issue within the Information Gap Report and are netted out in this issue. All dollar amounts in the Information Gap Report duplicate savings previously reported by PPSS.

III. SUMMARY LIST OF RECOMMENDATIONS AND SAVINGS

III. SUMMARY LIST OF RECOMMENDATIONS AND SAVINGS

This section summarizes the annual and cumulative savings for each issue in the report.

The authority required to implement the individual recommendations is also shown according to the following legend:

A -- recommendations can be implemented under the existing authority of the agency.

B -- recommendations can be implemented under the existing authority of the President.

C -- recommendations can be implemented by action of the Congress.

The cost savings, revenue, and cash accelerations in this section duplicate dollar amounts previously reported by PPSS and are presented here to provide the reader with a perspective of the scope and significance of the information gap problem.

In reporting cost savings and revenues, the Project Team has given each information gap a primary issue assignment, although many of the information gaps are more complex than any one problem area. Therefore, when an item is duplicated within the Report, it is netted out both in the Savings and Impact Analysis chart in the issue and in this section so that the dollar amount for any single information gap is counted only in its primary area.

III. SUMMARY LIST OF RECOMMENDATIONS AND SAVINGS

THREE-YEAR COST SAVINGS (S)/REVENUE (R)/CASH ACCELERATION (CA) OPPORTUNITIES

Issue	Recommendations	Implementation Authority 2/	Savings (S)/Revenue (R)/ Cash Acceleration (CA) Opportunities 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
NFO GAP 1-1:	Establish an Information Needs Assessment Process via the Critical Success Factor technique to be used by Federal Government managers.	P	$ 2,847.7 468.6	$ 5,294.3 513.3	$ 7,722.3 568.5	$15,864.3 (S) 1,542.4 (R)
NFO GAP 1-2:	Conduct an organization-by-organization information needs assessment.	P				3/
NFO GAP 1-3:	Implement utilizing private sector industry standards and tailoring those standards to Federal Government's management needs.	P				3/
NFO GAP 2-1:	Each agency should review the types and quality of data needed to efficiently and effectively monitor its performance.	P	4,654.6 854.0 145.2	8,155.9 649.0 59.7	12,019.0 714.0 59.0	24,829.5 (S) 2,217.0 (R) 263.9 (CA)
NFO GAP 2-2:	Adopt GAAP, tailoring it to the needs of the Federal Government's accounting and finance systems.	P				3/
NFO GAP 3-1:	The President should centralize responsibilities for each level of MIS and ADP systems management in OMB or OFM. Performance measurement based on achieving specific agency and interagency objectives should be instituted.	P	1,513.2 124.0 498.9	6,978.7 136.4 107.1	4,409.5 150.0 117.1	12,901.4 (S) 410.4 (R) 723.1 (CA)
NFO GAP 3-2:	Each agency and department should submit to OMB a long-range strategic plan for upgrading information systems. Budgeting and management incentives should be directly tied to performance and implementing the program plans.	P				3/

III. SUMMARY LIST OF RECOMMENDATIONS AND SAVINGS (CONT'D)

THREE-YEAR COST SAVINGS (S)/REVENUE (R)/CASH ACCELERATION (CA) OPPORTUNITIES

Issue	Recommendations	Implementation Authority 2/	Savings (S)/Revenue (R)/ Cash Acceleration (CA) Opportunities 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
INFO GAP 3-3:	Establish a software clearinghouse and a technical resource center to promote the development of compatible information systems.	P				3/
INFO GAP 4-1:	Standardize data collection and file structure codes for basic data points such as sex, street abbreviations, and Social Security Numbers.	P	$ 1,761.8 583.2	$ 3,742.4 641.6	$ 5,766.3 705.7	$11,270.5 (S) 1,930.5 (CA)
INFO GAP 4-2:	Identify programs with high potential for fraud and abuse by program type rather than agency responsibility; require a common identifier as a condition for eligibility (i.e., Social Security number).	P				3/
INFO GAP 4-3:	Familiarize program managers and others with the advantages of computer matching.	P				3/
INFO GAP 4-4:	Explore requiring front-end screening in determining eligibility for loan, grant and entitlement programs.	P, C				3/
INFO GAP 5-1:	Establish a Presidential Panel on information management in the Federal Government to conduct an information needs assessment at the Executive Office of the President level, add credibility to the recommended information management process, and purpose to the new structure of information management.	P	1,756.0 439.0 1,807.2	2,665.2 252.9 4,319.1	4,171.0 278.4 8,083.2	8,592.2 (S) 970.3 (R) 14,209.5 (CA)

III. SUMMARY LIST OF RECOMMENDATIONS AND SAVINGS (CONT'D)

THREE-YEAR COST SAVINGS (S)/REVENUE (R)/CASH ACCELERATION (CA) OPPORTUNITIES

Issue	Recommendations	Implementation Authority 2/	Savings (S)/Revenue (R)/ Cash Acceleration (CA) Opportunities 1/ ($ millions) Year One	Year Two	Year Three	Three-Year Total
NPO GAP 5-2:	Establish a government-wide information management office in the proposed Office of Federal Management.	P				3/
NPO GAP 5-3:	Create the position of Information Management Coordinator. One position should be established and a person appointed to the position in each department and agency.	P				3/
Total Cost Savings (S)			$12,533.3	$26,836.5	$34,088.1	$73,457.9 (S)
Total Revenue (R)			1,885.6	1,551.6	1,702.9	5,140.1 (R)
Grand Total Cost Savings and Revenue			$14,418.9	$28,388.1	$35,790.8	$78,598.0
Memo: Cash Acceleration (CA)			$ 3,034.5	$ 5,127.5	$ 8,965.0	$17,127.0 (CA)

/ Amounts in this Table represent duplicate cost savings, revenue and cash acceleration for PPSS, as these dollar amounts were previously reported in PPSS reports as of November 8, 1983. These amounts include inflation and are net of implementation cost.

/ Implementation authority: Agency (A), President (P), Congress (C).

/ Recommendation not quantified, although cost savings may result under an associated recommendation.

IV APPENDIX

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COMPENDIUM
OF
INFORMATION GAPS

The following chart is a synopsis of information gaps discussed in PPSSCC Task Force Reports. Information gaps have been found in all reports issued to date.

The chart columns are divided into the following categories:

Column 1 - Task Force and Issue Number.

Column 2 - Brief description of the information gap.

Column 3 - Main functional area affected by information gap (Financial Management, Personnel, Facilities, Programs, Materiel or Support Services).

Column 4 - Information management roadblocks (Identification, Quality, ADP or Analysis).

Column 5 - Three-year savings, revenue or cash acceleration. The amounts in this column represent duplicate savings, revenue, and cash accelerations previously reported by PPSS. The amounts are presented to provide the reader with a perspective of the scope and significance of the information gap problem.

NOTE: NQ means not quantified.

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(1) AG 2	Lack of information on borrowers and accounts results in poor receivables management.	Financial	ADP	$ 61.1 (S) 178.0 (CA)
(2) AG 9	Outdated statistics on age and sex characteristics of family participants leads to excessive benefit allotments.	Program	Identification	3,439.1 (S)
(3) AG 33	Use of inadequate information to establish individual loan limits for foreign bank borrowers leads to unnecessary risks in the Commodity Credit Corporation's foreign guarantee portfolio.	Financial	Identification	NQ
(4) USAF 13	Lack of modern automated data processing (ADP) systems results in inefficiencies in the Air Force Logistics Command inventory control and other logistics functions.	Materiel	ADP	580.6 (S)
(5) USAF 16	Restricted flow of technical data necessary for competitive follow-up procurement of spare parts results in ineffectiveness and low cost-efficiency.	Materiel	Quality	689.4 (S)
(6) USAF 20	Lack of dual-sourcing statistics and follow-up evaluations causes future dual-sourcing opportunities to be lost.	Materiel	Identification	2,422.1 (S)
(7) USAF 22	The Federal Procurement Data System cannot identify how many consulting service contracts the Federal Government has, for what purpose, or at what cost. This information gap leads to excessive and duplicative consultant procurement.	Materiel	Quality	227.7 (S)
(8) ARMY 1	Serious weaknesses in computerized allocation systems contributes to the continuing inefficient use and maldistribution of trained soldiers.	Personnel	Identification	189.5 (S)

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(9) ARMY 9	Lack of management information on costs of the Learning Resource Centers blocks the evaluation of the program's effectiveness.	Personnel	Identification	$ 33.7 (S)
(10) ARMY 10	Inaccurate measurement of procurement costs of major weapons systems prohibits correct analysis of cost overruns and cost growth.	Materiel	Identification	1,963.8 (S)
(11) ADP 1	Many of the Government's 17,000 computers are incompatible and therefore cannot "talk" to one another to compare data from one program with another.	Materiel	ADP	NQ
(12) ADP 4	Lack of centralized general hardware and software statistics on the various ADP systems of the Federal Government prevents effective ADP management practices.	Materiel	Identification	4,029.8 (S)
(13) ADP 5	Lack of documentation of teleprocessing costs leads to poor teleprocessing resource management.	Materiel	Quality	517.0 (S)
(14) ADP 6	Lack of management information on office automation prevents long-range strategic planning.	Materiel	Analysis	6,537.0 (S)
(15) ADP 10	There is no specific budget line item for the Army ADP and precise figures are unknown. The Army doesn't know how much it spends on ADP/OA, what kinds and numbers of computers it has, where they are located, or whether they should be replaced.	Materiel	Identification	827.5 (S)
(16) ADP 15	Obsolete and antiquated systems impede access to needed information and prevent ongoing computer matching to uncover frauds and abuses. Affected agencies and departments include VA, HHS, DOL, SSA, and HUD.	Materiel	Analysis	NQ

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(17) ADP 17	The IRS estimates that in the tax year 1981 the gross tax gap (taxes due but not reported) from individual and corporate returns, nonfilers, and the illegal sector was at least $97 billion. The information document matching program has had some success in limiting the tax gap, but millions of returns (about 20 percent) were still not entered into the system for tax year 1978. This delay is caused by inefficient, old equipment.	Materiel	ADP	NQ
(18) BANK 1	PBGC is unable to publish verifiable financial statements despite its present asset base of more than $500 million.	Financial	Quality	$ 324.1 (R)
(19) BANK 4	Pension Benefit Guaranty Corporation: inadequate internal operational systems results in disbursement of pension checks on an estimated rather than a verified basis and contributes to excessive case backlogs.	Program	ADP	132.4 (R)
(20) TVA 8	TVA has lost control of its outdated financial reporting system. The system is cumbersome, not understood by staff, and inflexible.	Financial	Quality	NQ
(21) COMMERCE 5	EDP lacks adequate information concerning its borrowers to make reasonable loans - and the result is an appalling rate of bad loans and delinquencies.	Financial	ADP	3.3 (S) 15.0 (CA)
(22) COMMERCE 5	Deficiencies in the Economic Development Administration's business loans information system results in poor debt collection procedures.	Financial	ADP	

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(23) OSD 2	Inaccurate and out-of-date inventory management information results in poor inventory planning.	Materiel	ADP	$6,074.2 (S)
(24) OSD 19	Failure to disseminate information on emerging technology developments leads to sub-optimal weapons systems development.	Materiel	Structure	1,593.7 (S)
(25) OSD 22	Inaccurate monitoring of acquisition costs of major weapons systems leads to significant cost overruns.	Materiel	Quality	NQ *
(26) OSD 23	Orderly and efficient weapons system acquisition is impossible because of disjointed internal DoD budgeting and Congressional appropriations. Thus, more systems are put into production than can be funded in economical production quantities during the product cycle of each system.	Materiel	Quality	7,181.7 (S)
(27) OSD 39	DoD has no information on the amount of Government Furnished Material (GFM) provided to contractors or which contractors should receive GFM.	Materiel	Structure	132.4 (S)
(28) ED 2	The information system in the Department of Education is unable to structure financial data in a useable manner. The general ledgers simply record historical data, and inadequate internal controls result in waste, fraud, and abuse.	Financial	Quality	763.5 (S)
(29) ED 3	Poor data on loan defaults and weak reporting requirements for lending institutions complicate delinquencies in the early stages of student loans.	Financial	ADP	495.4 (S)

* Potential Savings are reflected in Issue OSD 23 which includes the role of cost estimation in the instability in the weapons acquisition process.

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(30) ED 4	With $750 million in annual outlays for contracts and discretionary grants in FY 1983, DOE has been unable to close 80,000 accounts since 1973 worth $584 million, a sizeable portion of which could be money owed to the Government.	Financial	Analysis	$ 207.6 (S)
(31) ENERGY 8	DOE's non-standardized, inconsistent information system cannot generate accurate data on fixed assets, non-fixed asset property, or breakdown department expenditures - below the appropriation level.	Financial	ADP	11.5 (S)
(32) EPA 10	The Environmental Protection Agency (EPA) training program does not keep track of expenditures or analyze training activities and results.	Personnel	Structure	6.2 (S)
(33) EPA 12	The EPA's cost and financial information system is so complex, that EPA employees rarely utilize it properly. Control capabilities concerning receivables, payables, and cost accounting are not implemented.	Financial	ADP	3.9 (S)
(34) SBA 2	Small Business Administration officers receive "30 days and over" past due lists 5 to 6 weeks after the fact, diminishing the ultimate collectability of many past due loans.	Financial	Structure	NQ
(35) FEMA 1	The National Flood Insurance Program has collected little historical data in order to establish a sound actuarial basis to predict future needs.	Program	Quality	662.0 (S)
(36) CONST 21	Construction management information focuses on financial rather than physical status reports. Formal detailed construction schedules are not always prepared and complete site data for development and review of construction costs and progress are not acquired.	Facilities	Structure	286.5 (S)

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(37) CONST 23	GSA bases budget requests for facilities on crude estimates and private sector experience rather than its own information. The cost of land is seldom known and the discount rate for buy/lease divisions are not clear.	Facilities	Identification	NQ
(38) FEEDING 1	The size and scope of Federal feeding costs and operations are unknown. When cost data are obtained, they are often inconsistent and improperly defined.	Support Services	Identification	NQ
(39) FEEDING 5	The cost index used by DoD to establish the feeding budget for the uniformed services is based on more expensive food items than actually consumed in dining facilities. DoD does not know the costs of labor, transportation, and overhead associated with feeding operations.	Support Services	Quality	$ 167.3 (S)
(40) HOSP 3	The Military Health Care System's Uniform Chart of Accounts omits costs such as employee benefits, construction, and overhead. This lack of accurate cost data inhibits the planning process and results in excessive program costs.	Financial	Quality	744.7 (S)
(41) HOSP 4	The VA's patient treatment file lacks information necessary for the adoption of case-mix-based budgeting.	Financial	Quality	4,887.6 (S)
(42) HOSP 5	Poor data and assumptions are used by the VA for construction planning (ie. facility utilization trends, etc.), resulting in wasteful construction projects.	Facilities	Identification	733.3 (S)
(43) HOSP 6	The VA lacks information pertaining to facilities' workload, institutional budgets, and case mixes.	Personnel	Identification	NQ

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(44) HOSP 7	The existing VA hospital information system has little value for management. Users get duplicate and erroneous data and slow processing of information generally.	Materiel	Quality	$ (365.5) (S)
(45) HOSP 9	Neither the VA nor DoD has a procurement data system to monitor how frequently hospitals purchase on the open market when such supplies can be acquired through national contracts at a discount.	Materiel	ADP	221.8 (S)
(46) HOSP 10	DoD health care claims officers are hindered by a lack of information necessary for processing claims, resulting in a loss of revenue to the government.	Program	Quality	68.5 (R)
(47) HOSP 11	Many recipients of DoD health care benefits also have private insurance. DoD does not have the cost information necessary to seek reimbursement for health care payments made to these individuals.	Program	Identification	1,211.4 (R)
(48) HOSP 12	There are no procedures for DoD, VA and the Indian Health Service to identify patients with dual eligibility for health care programs. Thus, about 19-20% of claims result in duplicate or erroneous payments.	Program	Structure	195.0 (S)
(49) HOSP 13	VA claims authorities do not have the information necessary to determine when veterans with non-service-connected disabilities have insurance and/or can afford to pay for medical services.	Program	Quality	1,441.2 (R)
(50) FMS 1	Lack of Government-wide management information impedes focused Executive Branch policy setting	Financial	Structure	NQ
(51) FMS 2	The use of 300 different accounting systems has contributed to a lack of timely and accurate management information for use by agency heads.	Financial	ADP	NQ

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(52) FMS 5	The Federal Government currently conducts no comprehensive inventory of its capital assets - thus, no long-range planning is possible.	Financial	Quality	NQ
(53) ASSET 8	Agencies and departments do not have accounting systems to monitor cash management processes (tracking receivables, payables, or inventories). Most cash management is historical, after-the-fact recording of data.	Financial	Structure	NQ
(54) ASSET 9	The Federal Government can not centrally determine: o delinquency and age of debt owed the Government; o cash held by grantees; o cash balances; or o total Federal funds committed to individual states and localities.	Financial	Structure	NQ
(55) ASSET 12	No government-wide statistics are available on the credit-worthiness of borrowers. Credit definitions vary between departments as well as within departments.	Financial	Structure	$ 1,010.8 (S) 5,571.2 (CA)
(56) ASSET 23	There is a lack of data to monitor the quality, size, and losses of guaranteed loans. Thus, agencies are not held accountable for their programs and portfolio problems because these problems are often undetectable.	Financial	Structure	NQ
(57) ASSET 26	Total debt owed the Federal Government has increased 25% since 1978 while delinquencies have risen by 38%. There is little incentive for agencies to collect debts because the monies collected go to the Treasury Department and do not affect the agencies' annual appropriations. Thus, the agencies give a much higher priority to loan and grant programs and very little to debt collection.	Financial	Structure	1,190.6 (S) 8,100.0 (CA)

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(58) ASSET 27	As of June 30, 1982, total outstanding debt owed the Federal Government was $14.3 billion. Yet the IRS opposes offsetting taxpayer refunds against delinquent debts.	Financial	Analysis	$ 398.3 (S) 1,930.5 (CA)
(59) HHS-MGMT 3	55 to 60 people handle each piece of mail requiring a Secretary-signature response at HHS leading to low correspondence productivity and slow flows of information.	Program	Structure	7.1 (S)
(60) HHS-PHS 2	Adequate contract health care may not be provided to American Indians due to an outmoded manual claims processing system. The danger also exists of unnecessary payments being made.	Program	ADP	116.9 (S)
(61) HHS-PHS 7	Due to inadequate accounting systems; past due loans are not vigorously pursued and minimum payments not insisted upon.	Financial	Structure	(0.6) (S) 30.0 (CA)
(62) HHS-PHS 7A	There is a lack of monitoring of debt collection and the delinquency rate is excessive due to poor control of billings and receivables.	Financial	ADP	4.6 (S) 21.7 (CA)
(63) HHS-HCFA 6	The Health Care Financing Administration (HCFA) Bureau of Quality Control is basing current cost studies on 1979 data. HCFA experiences poor financial control.	Materiel	ADP	324.3 (S)
(64) HHS-SSA 3	The Social Security Administration (SSA) is unable to compare earnings reported on W-2 forms to benefits paid. As a a result, some beneficiaries may lose benefits and others may defraud SSA.	Program	ADP	NQ
(65) HUD 1	No one area of HUD has been given total responsibility for coordinating Department-wide financial systems. Thus, management often doesn't know what it doesn't know.	Program	ADP	292.7 (S) 278.0 (R) 222.5 (CA)

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(66) HUD 2	Too much data overwhelms managers, stalling timely decision making.	Program	Identification	$ 69.6 (S)
(67) HUD 3	The monitoring and collection of delinquent accounts is hampered by anticipated ADP systems. This results in delayed collections, or even in no uniform collection across-the-board.	Financial	ADP	30.4 (S) 285.9 (CA)
(68) HUD 5	Inaccurate and fraudulent financial data prevents HUD from employing computer matching to verify eligibility for Section 8 rent subsidization beneficiaries.	Program	Analysis	1,870.1 (S)
(69) INTERIOR 9	The lack of adequate accounting controls at the various bureaus of the Department of the Interior results in poor cash management. It can take in excess of one week to collect a payment record and deposit it; and often takes in excess of two weeks. Comparable tasks in the private sector are accomplished in one or two days.	Financial	ADP	23.3 (S) 219.9 (CA)
(70) JUSTICE 1	DOJ collection efforts suffer from a lack of uniformity in data supplied by originating agencies, accounting terms, monitoring processes, and definitions of an overdue account. Thus, debt receivables management has not been effective. Additionally, the most efficient ratio of staff to caseload is impossible to determine.	Financial	Structure	5.0 (S) 626.1 (R) 44.2 (CA)
(71) JUSTICE 2	There are no government or agency-wide totals on assets seized as a result of FBI, IRS and other agency investigations.	Financial	Quality	49.8 (S) 244.2 (CA)
(72) JUSTICE 3	DOJ does not receive regular information on GSA negotiated travel rates, resulting in excessive travel costs.	Support Services	Structure	3.6 (S)

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CM) ($ Millions)
(73) JUSTICE 5	The data center at DOJ has been unable to meet user requirements in a timely, efficient manner.	Materiel	ADP	NQ
(74) JUSTICE 6	DOJ does not routinely gather basic case information such as the number, type, and status of cases and investigations in the divisions and the offices of the U.S. Attorneys. As a result, there is a duplication of effort in attorney time.	Support Services	ADP	$ 37.3 (S)
(75) LABOR 1	Lack of statistical data makes effective administration of the Federal Employee's Compensation Act (FECA) impossible. The monitoring and control functions are inadequate to detect abuse.	Personnel	ADP	189.0 (S)
(76) LABOR 4	The DOL's management information systems do not produce the information needed to evaluate the performance of individual employees. Without this productivity measurement it is difficult to improve productivity and thereby result in cost savings.	Personnel	Structure	50.3 (S)
(77) LABOR 9	Long distance telephon reports are not produced for calls placed before 8:00 a.m. and after 5:00 p.m.. As a result, cost containment of personal and unnecessary calls is impossible.	Support Services	Identification	3.3 (S)
(78) LAND 2	There is no central information or management system to control the Federal vehicle fleet, resulting in duplicity, inefficiency, and higher automobile and truck operating costs.	Support Services	Quality	146.1 (S) 15.8 (R)
(79) LISAB 4	Income verification for needs-based programs is difficult because present data sources are neither centralized nor consistent in availability. This resulted in over-payments of $4.1 billion during 1982.	Program	Analysis	2,257.5 (S)

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(80) LISAB 5	Duplicate and erroneous payments are made to recipients of AFDC, Medicaid, and Food Stamps benefits because there is no centralized data base to determine eligibility.	Program	Quality	$1,379.2 (S)
(81) LISAB 7	SSI is afflicted with massive overpayments because of a lack of timely information regarding changes in circumstances of its benefit recipients.	Program	Quality	797.7 (S)
(82) LISAB 9	There is a time lapse of six months between the monthly sampling of cases for case eligibility identification and the determination of the dollar amount of services erroneously provided by Medicaid. The error rate in FY 1981 was 4 percent which cost $1.3 billion.	Program	Analysis	NQ
(83) NAVY 8	Due to antiquated computer equipment, inaccurate inventory records, and unreliable management information, costly omissions and excessive inventory losses plague the Navy's supply system.	Materiel	ADP	200.0 (S)
(84) NAVY 13	Program managers of the Naval Aircraft Powerplants at the depot level have inadequate data concerning material usage, man-hours worked, and inventory status to adequately assess shop performance.	Personnel	Quality	NQ
(85) NAVY 13	The Naval Aircraft Powerplant depots suffer from a lack of inventory control resulting in inefficient use of procurement funds.	Facilities	ADP	16.0 (S)
(86) NAVY 15	Due to inadequate accounting systems, the substantial monies received by Navy Finance Centers daily is often not deposited for several days. This increases the risk of lost checks and denies the federal government of funds which should be available.	Financial	ADP	10.0 (S)

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(87) PER 14	No one in the Federal Government knows how much total is being spent on training. Training costs are not accurately recorded.	Personnel	Identification	$ 66.2 (S)
(88) PER 18	Federal agencies are unable to provide reliable information on their workforce needs, resulting in the absence of a uniform workforce planning system and a lack of budgetary input into the planning process.	Personnel	Identification	NO
(89) PER - FURTHER STUDY 2	Agencies use inaccurate information as the basis for determining personnel costs - thus costs are generally understated and unreliable for budgetary decision-making.	Personnel	Quality	NO
(90) PRIVATE 5	Actual operating costs of the DoD commissary system are difficult to compute because a number of indirect costs are not charged to the system.	Financial	Quality	2,064.0 (S) 383.2 (R)
(91) PRIVATE 7	Creative accounting statistics result in higher appropriations than needed for maintenance and acquisition costs associated with the Government's vehicle fleet.	Support Services	Quality	399.8 (S)
(92) PROC 8	DoD acquisition estimates for major weapon systems are misleading because they usually contain inflated figures, also called "management reserve."	Financial	Quality	2,940.0 (S)
(93) PROC 10	The accuracy of demand forecasting is poor due to a lack of reliable data and the inability of computer systems to handle modern forecasting methods.	Materiel	ADP	4,540.0 (S)
(94) PROC 12	DoD does not utilize the preferred private sector system of inventories called "wall to wall." Thus, the quantity count may be inadvertantly misstated during the inventory process.	Materiel	Quality	NO

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(95) PROC 19	A lack of adequate storage and accessability to vendor experience data results in repeat business for unsatisfactory vendors.	Materiel	Identification	$ 97.0 (S)
(96) PROP 1	GSA cannot effectively manage Government-owned buildings since it has no mechanism for monitoring space availability, rental rates, or even space utilization.	Facilities	Identification	61.9 (S)
(97) PROP 2	GSA lacks office space utilization data because agencies are no longer required to submit such information. GSA doesn't even perform its required space utilization surveys with any regularity.	Facilities	Identification	234.4 (S)
(98) PROP 6	Productivity in carrying out in-house maintenance of real property is substantially below private sector standards due to a lack of motivation and incentives.	Personnel	Structure	1,125.4 (S)
(99) PROP 7	GSA's lack of interest in cost control results in no Energy Management Control System (which is widely used in the private sector) being in place to monitor energy needs and output and to efficiently provide energy in the National Capital Region.	Facilities	Identification	385.1 (S)
(100) PROP 8	GSA is unable to effectively manage its leases and acquisitions because it lacks summary data on its leases and space occupancy.	Financial	Structure	144.5 (S)
(101) R&D 6	No central R&D database exists so that knowledge gained from previous research can be used as a basis for ongoing and future research.	Support Services	Identification	225.5 (S)

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(102) STATE 3	The Office of Foreign Buildings (FBO) does not have a comprehensive real property management information system. Thus, its inventory is incomplete and other information deficiencies thwart informed management decision-making.	Facilities	ADP	NQ
(103) STATE 3	FBO's present financial management system does not provide the necessary financial information to identify operating costs for either individual buildings or the aggregate of buildings. Thus, FBO bases its budgetary decisions upon incomplete facts.	Materiel	Quality	NQ
(104) STATE 4	No system exists for forecasting and reporting foreign currency expenditures. DOS experiences huge budget fluctuations and continues to suffer foreign currency losses.	Financial	Quality	$ 17.1 (S)
(105) STATE 4	No studies on foreign currency hedging exist and DOS cannot accurately predict its foreign currency obligations and purchases.	Financial	Quality	
(106) STATE 5	The Bureau of Refugee Programs (BRP) cannot recover much of the monies it contributes to the International Committee for Migration because of inadequate refugee tracking programs. As a result, BRP recovers only about 8.8 percent of its outstanding loans and its outstanding receivable balance totalled $165 million as of June 30, 1982.	Program	Quality	8.7 (S) 55.9 (CA)
(107) TRANS 3	The UMTA spent $10 million on a computer, yet has been unable to close its books since 1979.	Financial	ADP	NQ

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(108) TRANS 3	The Urban Mass Transportation Administration (UMTA) lacks accurate, complete and current information for processing and monitoring grant applications, and for accounting and budgetary needs which result in grant overpayments, lapsing of funds and misappropriation of funds.	Program	ADP	$ 163.5 (S)
(109) TRANS 5	In FY 1983 DOT spent $160 million to operate its ADP services yet still does not have information needed for the development of an organized ADP system acquisition program.	Materiel	Identification	46.4 (S)
(110) TREAS 1	IRS's limited collection resources are not effectively deployed due to inadequate staffing and inefficient systems to monitor the collection of delinquent taxes - resulting in a loss of revenues and increased operating costs.	Personnel	ADP	76.1 (S)
(111) TREAS 2	Though the IRS has a demonstrated need for adding personnel to its revenue-generating functions, the lack of a system-wide evaluation of personnel needs has delayed the hiring of additional personnel.	Personnel	ADP	NQ
(112) TREAS - FURTHER STUDY	Lack of accurate manufacturing costs makes it impossible to determine which Mint facility should be responsible for the production of various coins.	Facilities	ADP	NQ
(113) USER 1	The existing budgetary accounting system acts as a disincentive for the efficient collection of user charge receipts. As a result, the Government does not set prices or manage receipts so as to maximize productivity, cost recovery, and program efficiency.	Financial	Structure	NQ

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(114) USER 4	The National Park Service (NPS) lacks the information for devising a rational system of user fees (which currently account for about 10% of NPS' total operating budget). Thus, no system of user fees has been devised which would increase the percentage of the overall budget provided for by such fees.	Financial	Identification	$ 99.3 (R)
(115) USER 8	Management systems do not exist that will track the cost of administering the firewood program. There is no accountability for costs or value because there is no control mechanism to establish a fee system that would allocate supply to demand or relieve the taxpayer of the cost of administering the program.	Financial	Sturcture	63.6 (R)
(116) USER 17	It is impossible to determine the actual costs to any agency to process Freedom of Information Act (FOIA) requests per staff hour. Thus, agencies undercharge and are not recovering the costs of fulfilling FOIA requests - an average of 92% of the costs of the FOIA activity is subsidized by the taxpayer.	Financial	Identification	231.7 (R)
(117) VA 1	Management controls necessary to maximize output of existing field station personnel do not exist. Thus, productivity in the field stations is low, timeliness in the processing of claims has declined, and the offices are overstaffed.	Personnel	Quality	271.7 (S)
(118) VA 2	The VA's Department of Veterans Benefits pays out $15 billion a year to six million claimants. Yet VA has no data to assess the accuracy of these payments, even though it has been estimated that the error rate could be in excess of $500 million a year.	Program	Quality	1,484.5 (S)

(1) Task Force and Issue Number	(2) Information Gap Description	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S), Revenue Enhancement (R), Cash Acceleration (CA) ($ Millions)
(119) VA 3	The recovery rate for the VA's debt collection activity is low because accurate information regarding the value and status of the debt owed the VA is not available.	Financial	Quality	$ 53.9 (S) 208.0 (CA)
(120) PPAV 1	Agencies have no centralized inventory of publications produced or in circulation - basically, because there is no one person with the "publisher" expertise or responsibility. Thus, there are many duplicative and inferior publications produced yearly - at great cost to the taxpayer.	Support Services	Structure	331.0 (S)
(121) PPAV 2	Agencies have no cost accounting structure that would permit the accurate tracking of costs associated with publishing. The Government Printing Office (GPO) reserves the exclusive right to set publication prices and collect sales revenues - thus, the agencies lack incentive to establish a system for tracking actual costs.	Financial	Structure	264.8 (R)
(122) PPAV 4	Systems for maintaining Federal postal accountability do not exist and result in wasted government funds through unnecessary use of higher mail classifications and failure to use bulk mail discounts.	Support Services	Identification	549.5 (S)
(123) PPAV 5	Information on the utilization of printing plants, presses and staff is not known. This situation has developed because of the bifurcated management structure between the Joint Committee on Printing (JCP) and various federal agencies. Numerous inefficiencies result in 30% higher costs of printing as compared to the private sector.	Facilities	Identification	158.9 (S)

(1) Task Force and Issue Number	(2) Information Gap Descriptor	(3) Functional Area	(4) Primary Problem Area	(5) Three-Year Savings (S) Revenue Enhancement (R) Cash Acceleration (CA) ($ Millions)
(124) PPAV 6	There is a lack of budgetary accountability for the expense of copying equipment - resulting in inefficient procurement of machines and uneconomic use.	Support Services	Identification	$ 327.7 (S)
(125) TTM 1	The decentralized structure of Federal travel procurement results in fragmentation and higher travel costs.	Support Services	Structure	984.0 (S)
(126) TTM 3	The government does not gather accurate and timely information on shipments by all agencies. Thus, the government cannot optimize the efficient flow of freight and take advantage of its size to obtain the lowest cost carrier service.	Support Services	Structure	529.6 (S)
(127) TTM 4	GSA cannot properly evaluate the performance of its rate audit activity. As a result, government recovery of freight rates overcharges is very low when compared with the private sector.	Support Services	Structure	165.2 (S)
	Total Cost Saving (S)			$73,457.9 (S)
	Total Revenue (R)			$ 5,140.1 (R)
	Total Cost Savings and Revenue			$78,598.0
	Memo: Total Cash Acceleration (CA)			$17,127.0 (CA)

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Agriculture

ISSUE NO./TITLE: AG 2: Management Information

DEPARTMENT/PROGRAM: Farmers Home Administration

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 11

THREE-YEAR SAVNGS ($ millions): $ 61.1 (S) (I: INFO ALL)
$178.0 (CA)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

The Farmers Home Administration (FmHA) is responsible for administering loan and grant programs to rural Americans. Total loan and grant amounts in fiscal year 1981 were approximately $13.9 billion. There is an overall deliquency rate of 43 percent in the farm loan programs.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Despite the fact that the Finance Office generates approximately 125 management-type reports, in addition to the reports filled out by field officers, important information concerning the condition of the portfolio and borrowers is extremely difficult to obtain. Information relating to the "aging" of the portfolio and the number of potential borrowers eligible for graduation is not available. Delinquency reports are neither timely nor accurate. There are many instances of duplicated information, reports and data gathering by the Finance Office.

These information inadequacies are the results of an ineffective informtion system. There have been problems arising from the Agency's tremendous growth as well as its current organizational structure.

As a result, the Agency is seriously hampered in its ability to manage its receivables effectively. The delinquency rate (29 percent) is excessive as opposed to that of commercial lenders (2-3 percent), as well as that experienced by the Agency in the past (10 to 18 percent in the early 70's).

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Agriculture

ISSUE NO./TITLE: AG 9: Update Family Makeup for Thrifty Food Plan

DEPARTMENT/PROGRAM: Food and Nutrition Services/Food Stamp Program

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 47

THREE-YEAR SAVINGS ($ millions): $3439.1 (S) (I: INFO)

FUNCTION/CATEGORY: Program

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

The food stamp program helps low-income consumers buy more food of greater variety to improve their diets. About 22 million people participate in the food stamp program. Current expenditures for the food stamp program are over $12 billion. The benefit allotments are computed according to a standard family size of four, with particular age and sex characteristics.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The Department of Agriculture does not use currently accurate statistics in its calculation of benefit allotments for the food stamp program. The program is still operating with the family characteristics determined in 1971 that were intended to reflect the average recipient household at the time. However, today's participant/household charateristics are very different. The average foood stamp household now consists of only 2.6 individuals, not the original four. The age and sex distribution characteristics are also quite different from those originally determined in 1971.

Much attention is focused on finding the nutritional requirements per individual and updating allotments to reflect the impacts of inflation. While these latter factors are important, the DOA has not focused on the changing age and sex characteristics of participants, factors which have a large impact on resulting benefits.

As a result, benefits are distributed which are well beyond stated requirements.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Agriculture

ISSUE NO./TITLE: AG 33: Improve Credit Evaluation Practices

DEPARTMENT/PROGRAM: Foreign and Domestic Commodity Programs

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 146

THREE-YEAR SAVINGS ($ millions): NO

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

The Foreign Agriculture Service (FAS), through the Commodity Credit Corporation (CCC), grants credit guarantees to borrowers who purchase US agriculture goods. The guarantee covers up to 98 percent of the total principle amount. The technical borrower is a foreign bank that opens a letter of credit on behalf of the buyer of the goods, handled by a US bank that lends the total amount of principle when all of the requird documentation is shown to be in good order. CCC guarantees up to $2.8 billion in loans each year. Since the guarantees are given for a maximum of three years, the maximum average guarantees outstanding could reach approximately $5 billion per year.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The present system of establishing individiual loan limits for foreign bank borrowers uses neither complete nor accurate information. The sole consideration for determining the individual loan limit is the net worth reported by the borrowing bank. Variables that should be considered but are not, include leverage, return on assets, policy of bank on lending soft currency, reserve for bad debt loans, and usage of other bank lines. When the most recent financial statements are not available, the agency refers to a directory which contains statements that are often one year old. Furthermore, the exchange rate used to convert the net worth figure from the local currency to US dollars is usually outdated, and no effort is made to obtain a more current exchange rate.

Part of the problem is the bifurcated management structure used to perform country risk analysis, bank analysis, and establishment of guarantee limits. Also, the program continues to allow foreign banks operating in the US to lend to other banks in their country of origin. In these cases the foreign banks operating in the US are not capable of objectively ascertaining the country risk of doing business in its own country or origin.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of the Air Force

ISSUE No./TITLE: USAF 13: Automated Data Processing Modernization

DEPARTMENT/PROGRAM: Air Force Logistics Command (AFLC)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 117 (R)

THREE-YEAR SAVINGS ($ millions): $580.6 (S) (I: Info all)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

AFLC is responsible for a $24.5 billion inventory. During the first half of FY 1982, it received and processed 2.5 million requisitions; procured $5.4 billion in materials and services; and managed over 900,000 items in its inventory. AFLC employs approximately 92,000 people, of whom 82,000 are civilians. ADP equipment is of vital importance to AFLC in performing its work. As of 1982, it managed 104 computer systems.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

AFLC data processing systems are archaic and costly to maintain, and they do not provide the up-to-date accurate information necessary for inventory control and other logistics functions. The effectiveness of the ADP systems is unknown. Measurements seldom take place at the user level in terms of function, financial impact, and time frame.

This is largely attributed to the overly cautious attitude throughout the command. The decision-making process is slow in implementing solutions or evaluating results and as a result defers decision-making. Modernization programs are further inhibited by the fact that procurement typically involves a two to three year process.

As a result, the necessary information is lacking to manage inventory controls and distribution, tighten resource assignments, and manage the mission capability of aircraft. Working with obsolete hardware and software has caused a decline in technical skill levels of the associated Air Force personnel.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of the Air Force

ISSUE No./TITLE: USAF 16: Spare Parts Breakout

DEPARTMENT/PROGRAM: Air Force Logistics Command (AFLC)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 139 (R)

THREE-YEAR SAVINGS ($ millions): $689.4 (S) (I: Info all)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

The Air Force Systems Command (AFSC) is charged with the initial production phase of a weapons system. Once a system is delivered, AFLC becomes responsible for procurement of all replenishment spare parts. AFLC currently manages 900,000 items with an inventory of recoverable and consumable spare parts totalling $17.4 billion in acquisition dollars as of September, 1981.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

During the weapons systems acquisition phase, AFSC does not obtain the reprocurement engineering/technical data before the system is transferred to the AFLC. Once a weapons system is transferred to AFLC, technical data costs can be prohibitive. AFLC has no bargaining position since the acquisition phase is [illegible]en [illegible]r. Most of the critical decisions pertaining to the technical data have already been made including the determination as to whether an item can be reprocured competitively.

Part of the problem is that portions of the Defense Acquisition Regulation System dealing with patents, data and copyrights, contain language that restricts the Government's use of technical data necessary for competitive reprocurement.

As a result, less than 25 percent of replenishment spare parts have been competitively procured. Those awards that are competitive are hindered by lack of data to carefully screen for quality, reliability, performance, and timely delivery. Therefore the overall effectiveness as well as the cost-efficiency is hampered.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of the Air Force

ISSUE No./TITLE: USAF 20: Dual-Sourcing

DEPARTMENT/PROGRAM: U. S. Air Force

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 178 (R)

THREE-YEAR SAVINGS ($ millions): $2,422.1 (S) (I: Info all)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

Dual-sourcing is the process of dividing the production between two contractors and awarding production quantities on the basis of the quality and cost of their products. It is an effective method to introduce competition at both the prime and subcontractor levels. Dual-sourcing should generally be pursued when the quantities, rates, costs, and potential savings are appropriate to support more than one supplier. Disagreement exists on the amount of savings and the criteria used to measure savings afforded by dual-sourcing.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

There is no readily available data base in the Air Force to indicate usage of dual-sourcing or resultant advantages or disadvantages. No formal methodology currently exists for evaluating dual-source opportunities or for compiling the necessary empirical data to properly analyze past acquisitions.

There are specific barriers within the Air Force which discourage the use of dual-sourcing: it requires additional funding in the near-term, and dual-sourcing is considered an exception to the normal, competitive business practice.

As a result, the Air Force is not taking adequate advantage of dual-sourcing opportunities and is therefore losing many significant cost-savings opportunities.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of the Air Force

ISSUE No./TITLE: USAF 22: Air Force Procurement of Consulting, Management, Advisory Services and Research

DEPARTMENT/PROGRAM: U. S. Air Force

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 195 (R)

THREE-YEAR SAVINGS ($ millions): $227.7 (S) (III: Info plus)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

The Air Force employs consulting services to assist in research, studies and analyses, management support, and technical representative activity. OMB Circular A-120 sets Executive Branch policy for consulting services. For more than 20 years, a number of abuses in consultant procurement have been identified. In particular, the Department of Defense has had the highest percentage of noncompetitive procurements in excess of $10,000. DOD's almost exclusive use of sole-source awards resulting from unsolicited proposals is counter to accepted contracting procedures, subverts competition, encourages work that may not be important relative to DOD's mission needs and priorities, and ultimately abrogates DOD's responsibilities.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The Federal Procurement Data System can not identify how many consulting service contracts the Federal Government has, and at what cost. In the area of studies and analyses, it is difficult to determine whether there is duplication of effort because only 25 percent of all studies are ever reported to the Defense Technical Information Center. Additionally, the Comptroller General knows that Federal agencies have neglected to search repositories before initiating new work.

There is no lack of rules, but there is a lack of effective control and a uniform management system over contracting. There is no entity that has clear-cut authority to impose and enforce a system of controls over Circular A-120 procurement. Similarly, there is also a lack of clear definitions governing the services contracted.

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As a result, too many contracts are sole-sourced and are too often based on unsolicited proposals; consultants frequently undertake projects that could be done in-house; service contracts are repeatedly renewed without exploring alternatives; duplicative and irrelevant studies are often authorized. Each of these problems leads to unnecessary and/or excessive spending.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of the Army

ISSUE No./TITLE: ARMY 1: Recruitment Training and Distribution of New Enlistees

DEPARTMENT/PROGRAM: Operations, Training, Recruiting and Personnel

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 8 (R)

THREE-YEAR SAVINGS ($ millions): $189.5 (S) (I: Info all)

FUNCTION/CATEGORY: Personnel

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

The Army's total personnel costs are $17.3 billion and represent 29 percent of the FY 1983 budget. The Army allocates major resources to recruiting, training, and distributing initial-entry personnel. This effort is accomplished by several commands and agencies. A number of specific activities are performed. Requirements are determined, civilians are recruited to meet those requirements, the new soldiers are trained in the requisite skills, and the newly trained soldiers are assigned to field units. There is an individual command or agency involved in each of these operational aspects of the process. In FY 1981 $4.5 billion was spent for individual training, 202,000 recruits entered basic training, and $700 million was spent on recruiting.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The computerized systems that now support the allocation process have serious weaknesses in data base quality, system structure, and user involvement. Further, the Army does not systematically analyze results in recruiting, training, and distributing.

This weakness is the result of the lack of a coordinated process to determine requirements, and of recruiting, training, and distributing initial-entry enlisted personnel.

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INFORMATION GAP (ARMY 1 CONT'D)

As a result, there is a continuing inefficient use of trained soldiers. For example, 58 percent of a sample of first-term soldiers assigned in bulk to Europe were further assigned to commands that did not have a need for their skills or to positions not commensurate with their skills. This results in waste in unused programmed training capacity. The Army has programmed more training than required yet experienced less actual input to training than required. The Army's functional effectiveness is commensurately reduced.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Army

ISSUE No./TITLE: ARMY 9: Learning Resource Centers

DEPARTMENT/PROGRAM: Deputy Chief of Staff for Personnel

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 65 (R)

THREE-YEAR SAVINGS ($ millions): $33.7 (S) (III: Info plus)

FUNCTION/CATEGORY: Personnel

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

The Army supports 25 Learning Resource Centers (LRC) and is in the process of adding nineteen. The civilian personnel office at the Office of the Deputy Chief of Staff for Personnel has staff responsibility for these centers. Learning Resource Centers provide a wide range of training intended to promote realistic career and self-development activities and opportunities for both military and civilian personnel. There are over 125 courses offered.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The civilian personnel office at the Office of the Deputy Chief of Staff for Personnel, which has staff responsibility for these centers, does not have adequate information on how much these centers cost to operate. A one time study performed estimated the annual operating costs for the centers totalled $19.9 million.

No reason has been given for the lack of management information on the costs of this program.

As a result of the lack of information regarding costs, it is impossible to measure the effectiveness of the accomplishments or the efficiency of the operation. There is little justification for the expenditure, other than the desire to have an in-house employee training program.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Army

ISSUE No./TITLE: ARMY 10: Major Weapons Systems Acquisition

DEPARTMENT/PROGRAM: Department of Defense and Army

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 69 (R)

THREE-YEAR SAVINGS ($ millions): $1,963.8 (S) (II: Info only)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

The Army plans to spend more than $9 billion in FY 1983 to research, develop, and procure major weapons systems. Currently, fourteen of these systems are of sufficient interest that Congress requires a quarterly report on their status; these reports are called Selected Acquisition Reports (SARs). When the individual systems were originally approved for development (most between 1972 and 1975), their estimated aggregate life-cycle cost was $30 billion and as of June 1982, this estimate had risen to $82 billion. Although the SARs provide the most official set of cost growth numbers, the measurement of cost growth is inaccurate. Costs are unadjusted for quantity change leading to cost variances in the same program of hundreds of millions of dollars. The costs are often not adjusted for inflation and when they are, there is often a great difference between the actual inflation rate and that promulgated by OMB for cost estimating purposes. These reports do not properly differentiate cause and effect; therefore, Congressional, OMB, and project manager decisions are not separated in reporting the reasons for cost growth.

The reports are prepared in this fashion because of directives that the Army receives from Congress and OMB. The cost/-variance categories dictated to them reflect only causes of cost growth or decline, not effects. Further, the cost/variance categories do not differentiate between cost growth or decline, as a result of decisions internal to the Army versus decisions external to the Army.

As a result, the Army is recording unrealistic estimations of program costs. These reports can lead to incorrect conclusions regarding cost overruns and cost growth.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Automated Data Processing/Office Automation

ISSUE No./TITLE: ADP-1: Federal ADP Leadership and Direction

DEPARTMENT/PROGRAM: All Agencies

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: i, 8 (R)

THREE-YEAR SAVINGS ($ millions): NO

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

The Federal Governemnt employs two hundred fifty-thousand people to run its 17,000 computers, about 45% more people than on the total employment rolls at Exxon, the world's largest industrial company. Total cost to acquire, maintain, and operate the Government's computers is $12 billion a year.

INFORMATON GAP PROBLEM/CAUSE/CONSEQUENCE:

Many of the Government's 19,000 computers are incompatible; they can't talk to one another in order to share data - for example, to check transfer program-recipients' incomes (IRS computers) with eligibility requirements (HHS computers).

Thus, when one agency has information useful to another there is an information gap preventing the transfer of much data. This results in Federal entitlement programs being routinely defrauded.

In New York alone, the regional office of HHS uses ten different kinds of incompatible computers.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Automated Data Processing/Office Automation

ISSUE No./TITLE: ADP 4: Hardware and Software Resources Management

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 37 (R)

THREE-YEAR SAVINGS ($ millions): $4,029.8 (S) (III+ Info plus)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

From the massive transaction processing activities in agencies like the Internal Revenue Service and the Social Security Administration, to military command and control systems, the Government depends on automated data processing (ADP) systems. In FY 1981 an estimated $12 billion was committed to acquiring and operating these systems. However, the Federal ADP establishment lags far behind the private sector in its use of current information technology. Equipment is obsolete, and hardware maintenance is labor-intensive and requires the retention of Federal personnel trained in maintaining hardware no longer supported by the manufacturer. The Government maintains approximately 1,000 different operating systems requiring highly skilled, technical personnel.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

General hardware and software statistics and characteristics are not available from any one source (Office of Management and Budget, General Services Administration, or the General Accounting Office). The overall costs associated with hardware maintenance and upgrading are not known either.

As a result, it becomes difficult to manage the various ADP systems currently in use. Effectively updating and maintaining hardware and software is also hampered.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Automated Data Processing/Office Automation

ISSUE No./TITLE: ADP 5: Teleprocessing Resource Management

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 56 (R)

THREE-YEAR SAVINGS ($ millions): $517.0 (S) (I: Info all)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

Teleprocessing (TP) is a rapidly growing, integral component of Federal ADP systems. In FY 1981 total TP expenses were approximately $650 million. TP expenses are expected to be over $1 billion in FY 1983, due to increased circuit utilization and rising costs of equipment and services.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

TP resource cost is not documented separately; it is usually imbedded in the total telecommunication budget. The budget document for telecommunications does not allow for identification and quantification of specific TP budgets. There is no central inventory of TP applications. With shared TP circuits, little attempt is made to allocate end users' levels of utilization and costs.

As a result, there is lost opportunity to investigate and [illegible] alternatives, applications, sharing of communication [illegible] or economies of scale.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Automated Data Processing/Office Automation

ISSUE No./TITLE: ADP 6: Office Automation

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 64 (R)

THREE-YEAR SAVINGS ($ millions): $6,537.0 (S) (I: Info all)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: Analysis

BACKGROUND:

Office automation refers to word processing, electronic document storage and electronic mail and the interconnected networks to make appropriate information available when, where and in the form in which it is needed. Federal budget estimates for office automation costs are not available. Existing studies suggest that the Government might look to the private sector's experience with office automation for cost savings and productivity improvements.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The Federal Government has no organized system to enumerate, inventory, or account for the costs, benefits, and characteristics of its office automated equipment.

This is due to the fact that the potential savings and productivity benefits of office automation applications generally have not been fully understood nor fully exploited within the Government.

As a result there is a proliferation of procurement of duplicative or incompatible office systems, while at the same time other equipment may become underutilized. No long-range strategic planning to meet overall needs occurs, causing procurement to be fragmented, with users unaware of automated office equipment already in existence and unable to coordinate current or future procurement.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Automated Data Processing/Office Automation

ISSUE No./TITLE: ADP 10: Improved ADP Management and Planning

DEPARTMENT/PROGRAM: Department of the Army

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 125 (R)

THREE-YEAR SAVINGS ($ millions): $827.5 (S)

FUNCTION\CATEGORY: Materiel

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

Army spending on ADP is estimated to be $2.5 to $3 billion in FY 1983. Although the Army is highly dependent upon automation to fulfill its mission, there is no clear organization structure for ADP/OA in the Army.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

There is no specific budget line item for ADP in the Army management systems and precise figures are unknown. The Army is not sure of exactly how much it spends on ADP/OA.

This is not surprising since the Army doesn't know what kinds and numb of computers it has, where they are located, or whether they should be replaced.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Automated Data Processing/Office Automation

ISSUE No./TITLE: ADP 15: Automation of Claims and Benefits Delivery Systems

DEPARTMENT/PROGRAM: VA, HHS, DOL, SSA, HUD

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 163-166 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: Analysis

BACKGROUND:

Several Government agencies support very large efforts in the areas of claims, benefits, and compensation. These include VA, HHS, DOL, SSA, and HUD. Despite automated support, many of the systems which process laims, benefits, and compensation are still labor-intensive.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Obsolete and antiquated systems cause delays in obtaining data from sources outside the particular responsible agency and slow access to status information.

Consequences at SSA alone include:

- four to six week delays in issuing new Social Security cards;
- three year backlogs in posting retirement contributions; and
- inability to process 7.5 million new annual claims applications on time or correctly.

Generally, the old equipment impedes access to needed information and prevents ongoing computer matching to uncover frauds and abuses.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Automated Data Processing/Office Automation

ISSUE No./TITLE: ADP 17: Productivity Improvement: IRS

DEPARTMENT/PROGRAM: IRS

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 172 (R)

THREE-YEAR SAVINGS ($ millions): NO

FUNCTION/CATEGORY: Systems

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

The IRS mission is to achieve the highest possible degree of voluntary compliance with the tax laws and regulations.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The IRS estimates that in the tax year 1981 the gross tax gap (taxes due but not reported) from individual and corporate returns, nonfilers, and the illegal sector was at least $97 billion.

The information document matching program has had some success in limiting the tax gap, but millions of information returns (about 20 percent of all returns) were still not entered into the system for tax year 1978.

This delay is caused by inefficient and old equipment and is costing the Government billions in uncollected taxes.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Boards/Commissions - Banking

ISSUE No./TITLE: BANK 1: Pension Benefit Guaranty Corporation (PBGC)

DEPARTMENT/PROGRAM: PBGC

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 5 (R)

THREE-YEAR SAVINGS ($ millions): $324.1 (R)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

The PBGC uses taxpayer dollars to insure private pension funds. In seven years of operation PBGC has accumulated an unfunded deficit of $286 million for 28.8 million participants. This breaks down to $9.93 per participant, or 3.82 times the current annual charge per participant of $2.60.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

One out of every three checks PBGC issues is estimated and never verified for accuracy.

PBGC is unable to publish verifiable financial statements despite its present asset base of more than $500 million.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Boards/Commissions - Banking

ISSUE No./TITLE: BANK 4: Pension Benefit Guaranty Corporation: Industry Services

DEPARTMENT/PROGRAM: PBGC

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 22 (R)

THREE-YEAR SAVINGS ($ millions): $132.4 (R) (I: Info all)

FUNCTION/CATEGORY: Program

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

The PBGC was established in 1974 by the Employees Retirement Income Security Act to insure employees covered by pension plans against plan terminations, as in "insurer of last resort." PBGC currently administers some 880 pension plans and 100,000 participants. The present value of guaranteed future benefits exceeds the value of assets available to pay for those future claims, by $236 million.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

PBGC has insufficient information to publish verifiable financial statements. In particular, there is a lack of:

- investment accounting and control,
- premium collection, accounting, and entity control of reporting/premium paying plans,
- pension payment control and verification processes.

This is due to the inadequacies of the internal operational systems and insufficient resources dedicated to eliminating backlogs and plan administration. They have not been successful in building, internally, administrative services that exist in the private sector.

As a result, PBGC is plagued by case backlogs and operational diffic[illegible]ties. Of the cases administered by PBGC, 28,000 pension checks [illegible] distributed monthly, but only 18,000 have been verified as [illegible] Ten thousand are paid on an estimated

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basis. An additional 15,000 checks are issued by a variety of disbursement services in amounts that have not been verified. These administrative services and resultant insufficient information have a profound effect on the determination of deficits and accordingly on the level of premiums charged by PBGC over time.

PPSSCC ISSUE SUMMARY: INFORMATION

TASK FORCE REPORT: Boards/Commissions -- Business Related

ISSUE No./TITLE: BUS-TVA 8: Financial Reporting System

DEPARTMENT/PROGRAM: Tennessee Valley Authority

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 75 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Finance

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

TVA's financial reporting system is administered by the Division of Finance, whose Comptroller, the Division Director reports to the Assistant General Manager (Administration). TVA has three Accounting Branches, located in Knoxville, Chattanooga, and Muscle Shoals, which assist the Comptroller in establishing and administering accounting policy and systems throughout the TVA organization.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

A major portion of the financial reporting system currently used at TVA has been in place since the inception of TVA. Most of the characteristics associated with a mature system are present. For example, it has:

- a nonstandard, complex accounting code structure, revised many times over many years to address specific financial or organizational concerns;
- a system that does not take advantage of current state-of-the-art computer technology;
- only a few staff who understand the system, especially from a data processing standpoint; and
- a general reluctance to "change" the system because it is so complex and so large.

Recently, a responsibility reporting capability was added to the system, but the Task Force findings indicate that user departments below the divisional level are not using the system. Instead, many departments are using contrived versions to satisfy their information needs.

As a result, the TVA financial reporting system is cumbersome to use, not widely understood and limited in its flexibility.

The inconsistent structure of the account code limits the availability of a[illegible]e reporting and account analysis. Special reports require l[illegible] lead times, and the ability to manipulate the data needed to produce reports resides with one individual.

Since each responsibility center is responsible for establishing function codes that are used to accumulate activities, designated functions are not comparable among responsibility centers.

The Office of Power's productivity measurement statistics cannot be generated by the present reporting system. Some of the key Office of Power operating objectives and the realization of specific statistic levels and ratios are [illegible]t routinely captured by the present reporting system.

TVA appears to have lost control of its Chart of Accounts, the most critical aspect of a good financial reporting system. Financial reporting inconsistencies are prevalent. The same elements of the account coding structure are used for multiple purposes. Similar types of information are captured by different account elements. Further development of this account numbering scheme will generate yet more inefficiency. TVA would be faced with a major problem if its present reporting structure or requirements are not modified.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Commerce

ISSUE No./TITLE: COMMERCE 5: Economic Development Administration Debt Collection

DEPARTMENT/PROGRAM: Economic Development Administration (EDA)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 62 (R)

THREE-YEAR SAVINGS ($ millions): $ 3.3 (S) (I: Info all)
$15.0 (CA)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

The Economic Development Administration (EDA) administers more than ten different grant, loan, and loan guaranteed programs aimed at alleviating unemployment and low family income. EDA currently has approximately 500 employees in Washington and 6 regional offices. In 1981, they administered a portfolio of $1 billion in business loans and loan guarantees of which 41 percent were delinquent.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

EDA's business loans information system has a number of deficiencies. Financial statements are generally contained in the files, though there is inadequate reporting for purposes of analysis of the portfolio. Overall documentation in the files is often incomplete. Contacts with borrowers are often not recorded and various loan documents are often missing. A particular shortcoming of the system is that it does provide for the tracking of deferrals granted in principal and/or interest payments. The number or amounts of loans that have been granted deferrals is not monitored by the system.

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INFORMATION GAP (COMMERCE 5 CONT'D)

This situation has developed because the processing of new loans is a more important priority than loan servicing both in Washington and EDA's regional offices. This consumes substantial time in personnel resources which would otherwise be dedicated to the debt collection activity.

As a result of the shortcomings, the quality of the portfolio is not known and is not analyzed and the number of delinquent loans is excessive. Improving the debt collection procedure could make new funds available for allocation to qualified recipients.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Commerce

ISSUE NO./TITLE: COMMERCE 5: Economic Development Administration (EDA) Debt Collections

DEPARTMENT/PROGRAM: EDA

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 57 (R)

THREE-YEAR SAVINGS ($ millions): $ 3.3 (S), (I: Info all) $15.0 (CA)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

The EDA makes direct loans to businesses and guarantees other loans made by banks to businesses. 56% of all EDA's direct loans and guarantees - about $350 million - are delinquent as of 1982. Of that, 77% or $270 million has been foreclosed and is being sold.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

EDA suffers from a lack of formal procedures and inadequate documentation for analyzing borrowers' economic health.

Clearly, EDA lacks adequate information concerning its borrowers to justify loans - and the result is an appalling rate of bad loans and delinquencies.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Office of the Secretary of Defense

ISSUE No./TITLE: OSD 2: Improved Inventory Management

DEPARTMENT/PROGRAM: Department of Defense

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 61 (R)

THREE-YEAR SAVINGS ($ millions): $6,074.0 (S) (I: Info all)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

As of September, 1981, DOD reported a secondary item inventory of about $40 billion (excluding fuel and subsistense items). Secondary items include assets such as spare parts, medical supplies, and operating supplies. This category excludes weapons, ammunition, and air craft engines, which are considered principal items. Inventories at the Wholesale level are stored in about 30 depots around the country. Inventories at the retail level include both on-board ships and on numerous military bases.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Information for the management of inventory is not accurate or timely. The inventory data systems for each of the services and Defense Logistics Agency are not compatible.

The primary constraint is an out-dated ADP system which creates problems in frequent down time, lack of available running time, and generally poor service to end users. The equipment is obsolete and requires excessive running costs. Previous DOD efforts to modernize this ADP hardware and software have been frustrated by time-consuming and inefficient ADP procurement procedures.

As a result, inventory management decisions are sub-optimal. Stocks are not balanced and there is often excessive stock build-up, unneeded inventory investment, and excessive obsolescence.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Office of the Secretary of Defense

ISSUE No./TITLE: OSD 19: Department of Defense Laboratories

DEPARTMENT/PROGRAM: DOD

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 165 (R)

THREE-YEAR SAVINGS ($ millions): $1,593.7 (S) (I: Info all)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

Approximately 75 DOD laboratories provide technical support to the research and development activities in the weapons system acquisition process. The labs identify and exploit new technology and support DOD in acquiring outside research in developing technologies. In FY 1980 total laboratory expenditures for all phases of research and development totaled $7.4 billion, of which only $2.2 billion represented in-house research efforts.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The services do not have adequate, regular information on emerging technology developments to apply to the appropriate phases of the weapons acquisition process. Presently only the early development phases have visibility across all services, through inclusion in the Defense Technical Information Center data base.

The problem emanates from the fact that no centralized, coordinated effort to disseminate data exists.

As a result, prior work is not always fully utilized and is sometimes repeated. The operational forces lack full understanding of the potential value and limitations of emerging technologies before they commit specific technologies to weapons systems programs. Engineering development is not cost-effective.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Office of the Secretary of Defense

ISSUE No./TITLE: OSD 22: Estimating Weapons Systems Costs

DEPARTMENT/PROGRAM: DOD

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 189 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

DOD precribes decision points for major weapons systems acquisitions which require approval of the system based on preliminary concepts, cost estimates, schedules, objectives, and affordability estimates. Independent cost analyses by the services must be prepared by organizations in each service separate from the control and direction of the program office responsible for acquisition of the system. Despite the various independent estimates and reviews of program costs, DOD has been continually faced with significant cost overruns on weapons systems acquisitions.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The record-keeping system that tracks the cost process of individual major weapons system programs is inaccurate and often incomplete. Cost data is not standardized according to base year dollars, current year dollars, and future year inflated dollars. Additionally, incorrect data on cost changes are captured, reflecting effects rather than causes.

Poor cost performance in relation to estimates can be tied to both DOD and DOD contractors. There is insufficient financial incentive to industry to design lower-cost weapons systems. Contractors are given incentives to maximize quality and minimize lead time, rather than to reduce costs.

As a result, DOD has been faced with significant cost overrruns on weapons systems acquisitions. In June of 1982, there were 39 programs that were identified as having cost estimating errors amounting to $10.8 billion, or about 9 percent of the original estimated costs.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Office of the Secretary of Defense

ISSUE No./TITLE: OSD 23: Instability in the Weapons Acquisition Process

DEPARTMENT/PROGRAM: DOD

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 198 (R)

THREE-YEAR SAVINGS ($ millions): $7,181.7 (S)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

Program instability is defined as any event, except inflation, which causes actual program costs to exceed original estimated costs. DOD's weapons acquisition process is marked by severe program instability - which leads to excess costs incurred in the production phase of weapons systems acquisition.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

DOD has difficulty relating financial affordability to the production of proposed new systems sufficiently early in the decision-making process. As a result, more systems are put into production than can be funded in economical production quantities during the product cycle of each system, leading to cost growth for reasons such as streched production schedules and quantity changes.

The upshot of all of this is that the process of weapons system selection, internal DOD budgeting for production, and Congressional appropriations are insufficiently interrelated so that an orderly and economical process of weapons system acquisition management may operate.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Office of the Secretary of Defense

ISSUE No./TITLE: OSD 39: Government Furnished Material

DEPARTMENT/PROGRAM: DOD

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 327 (R)

THREE-YEAR SAVINGS ($ millions): $132.4 (S) (I: Info all)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

As a general policy, contractors are responsible for furnishing all material required for the performance of Government contracts. DOD, however, furnishes materials as an exception to the general policy where opportunities for economy exist or when there is a need to expedite contract performance. A rough OSD estimate conservatively places the amount of GSM provided to contractors at approximately $1 billion each year.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

DOD does not have information on the amount of GSM provided to contractors. There is no information system in place to record a contract, requisition, and shipment status history file that would serve as an auditable record of GSM transactions. There are no records maintained necessary for status reports on the number and dollar value of requisitions filed for materials and long supply. Contract administration officers do not receive a status report on shipments of GSM to contractors.

Limited information and controls exist primarily because GSM is regarded as an exception to general policy rather than a program of its own. Basic accounting and control weaknesses are compounded by a lack of specific responsiblity and accountability for the GSM program as it is processed across disparate maintenance, supply, procurement, and contract administration functions.

As a result, there is a history of GSM misuse and excess requisitions by contractors.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Education

ISSUE No./TITLE: ED 2: Management Information Systems and Internal Controls

DEPARTMENT, PROGRAM: Office of Financial Management

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 32 (R)

THREE-YEAR SAVINGS ($ millions): $763.5 (S) (I: Info all)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

In addition to its educational oversight role, the Department of Education is responsible for distributing Federal funds for a variety of Congressionally mandated educational programs. The amount of these funds was $14.5 billion in FY 1982 making the Department a financial institution of substantial proportions. The Office of Financial Management (OFM), reporting to the Comptroller, is responsible for establishing, maintaining, and reporting financial information relating to all funds disbursed by the department. There are 3 major automated systems involved in the processing of the Department's financial data. One is a general ledger system, the other an input and inquiry system, and one for disbursing payments.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The current information system is unable to structure financial data in a manner that is useful for internal managementr purposes and which can be used to monitor program activity. Specific problems include:

- The general ledger is being used primarily to record disbursement data, rather than in its usual function as a control of assets and libilities.
- Disbursement data is not always in agreement or comparable with that reported to Treasury.

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- Input errors are numerous.
- Reconciliations of financial system accounts to Treasury records are not done on a regular basis.
- Manual systems were being maintained for tracking all direct payments in about two-thirds of the letter of credit draw-downs.
- There is insufficient emphasis on internal controls with no checking on the accuracy of payments.

These problems are a result of a number of factors. First, priority has gone to prompt delivery of appropriated funds. While some effort is made to assure the accuracy of payments at the time they are made, heavy reliance is placed on hindsight reviews which occur well after the funds have been delivered making collection of disallowances difficult. Secondly, responsibility for internal controls is not clearly defined. Third, coverage by the Office of Inspector General in program review staffs is inadequate largely because of staff shortages. Finally, the qualifications and training of personnel responsibilities for key aspects of the internal control systems are not adequate in most cases.

As a result, the inadequate internal controls coupled with existing financial systems deficiencies have resulted in many cases of waste, fraud, abuse, and error being documented in the audit reports of the GAO, the Office of the Inspector General and program review staffs. Millions of dollars have been identified as being unaccounted for and the pattern is such that many more millions are likely to have escaped identification.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Education

ISSUE No./TITLE: ED 3: Student Loan Delinquencies and Defaults

DEPARTMENT/PROGRAM: Office of Student Financial Aid (OSFA)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 40 (R)

THREE-YEAR SAVINGS ($ millions): $495.4 (S) (III: Info plus)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

Student loans outstanding at the end of FY 1982 totalled approximately $25 billion -- all guaranteed by the Federal government. The default rate for the programs making up the newest $20 billion is approximately 9 percent and about 16 percent on the remaining oldest $5 billion. Loans already matured and in default totalled $2.2 billion. Responsibility for dealing with student loan delinquency is assigned to the Office of Student Financial Aid (OSFA). Collection operations are handled by 300 employees nationwide under the direction and control of regional administrators. Their efforts are supplemented by commercial collection agencies working under contract.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

OSFA suffers from a number of information problems: lack of comprehensive information, lack of accurate information, and inadequate manipulation and presentation of the data in reports that are generated for management. Specifically, the problems include:

- Statistical information on loan defaults is inconsistent and difficult to obtain. The imprecision of numbers relating to delinquency rates, number of loans in default, and the aging of defaulted loans is limited.

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- The information obtained at the time of the loan application is old and very much out of date when repayments and collections begin.

- Automated data processing support is provided by two different computer systems, neither of which is state-of-the-art. The data used by these data processing systems is far from complete because of the difficulties experienced in obtaining current and reliable information from the institutions making the loans.

- A variety of reports are generated for specific purposes but they are confusing and difficult to interpret. No reports are produced which measure and track delinquency at the institutional level before defaults are assigned to the department for collection.

The lack of incentives, insufficient training, and inadequate procedures at the educational institution level contribute to delinquencies in the early stages of payback. The Federal guarantee significantly reduces the incentive to collect at the lending institution level where the effort is most effective. Collection expertise and experience in the department are lacking at the level responsible for direction of the personnel engaged in loan collection work.

As a result of the lack of suitable information upon which to base judgements, the ability to manage and control the department's existing and potential debt is obstructed.

PPSSCC ISSUE SUMMARY: INFORMATION GAP:

TASK FORCE REPORT: Department of Education

ISSUE No./TITLE: ED 4: Contracts and Discretionary Grants

DEPARTMENT/PROGRAM: Department of Education

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 46 (R)

THREE-YEAR SAVINGS ($ millions): $207.6 (S)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Analysis

BACKGROUND:

Weaknesses in accounting and control systems make it impossible for the Department of Education to close its books, collect on delinquent accounts or remit accurate payments.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

With $750 million in annual outlays for contracts and discretionary grants in FY 1983, the Department of Education has been unable to close 80,000 accounts since 1973 worth $584 million, a sizable portion of which could be money owed to the government.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Energy (DOE)/Federal Energy Regulatory Commission/Nuclear Regulatory Commission

ISSUE No./TITLE: ENERGY 8: Accounting Financial Data Systems - Multiple Accounting Systems

DEPARTMENT/PROGRAM: Department-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 75 (R)

THREE-YEAR SAVINGS ($ millions): $11.5 (S)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

The FY 1983 budget for DOE programs is $15.7 billion with staffing comprised of approximately 16,000 full-time Government employees and over 100,000 contractor employees. Financial reporting systems within DOE now represent the loose merger of those used by various predecessor agencies. Currently, there is considerable local autonomy.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The Office of the Controller consolidates financial reports for DOE using data generated by the detailed activities independently carried out at the various (17 DOE and 56 contractor) operating locations. The overall system is not standardized and each of the systems was not designed to meet present needs. They often employ manual operations to produce their information. As a result, there are

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inconsistencies from site to site. Data on inventories of both fixed asset and non-fixed asset property are neither timely nor accurate. Records are often inaccessible or unreliable.

This situation is due to the current organization and lines of control. Although the Controller is responsible for the development of financial policy in overall departmental financial reporting, he does not have the authority to ensure that the policies are implemented because field people report through the lines to their program management.

As a result, DOE is unable to handle special requests for information or make uniform information changes. For example, DOE is weak in responding to special requests such as explaining unliquidated obligations or breaking down expenditures below the appropriation level. In general, DOE is hampered in managing agency operations since it must make decisions on the basis of often incomplete, outdated, and inaccurate financial reports.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Environmental Protection Agency/Small Business Administration/Federal Emergency Management Agency

ISSUE No./TITLE: EPA 10: Personnel Management

DEPARTMENT/PROGRAM: EPA

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 56 (R)

THREE-YEAR SAVINGS ($ millions): $6.2 (S) (III: Info plus)

FUNCTION/CATEGORY: Personnel

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

EPA operates three personnel programs designed to train, motivate, and reward employees: in short, to further their careers and the goals of the agency. The programs are in management training and development, individual development planning, and performance management. EPA's training costs are comparable to the costs of training for the Federal Government as a whole. EPA spends $2 million or $157 per year per employee. The present program is unevenly administered, lacks clear policy direction, effective checks and balances, and ranked priorities.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The EPA training program is plagued by inadequate reporting, record keeping, and almost non-existent benefit analysis. As a result, management does not keep track of expenditures or analyze training activities.

The program omits specific development objectives and there is no practice of disapproving individual training and development experiences. More than 80 percent of EPA employees have been rated "outstanding" or "exceeding expectations." Only 0.7 percent were rated less than satisfactory. The standards are broad enough for everyone to meet them.

As a result of the lack of management controls, over 50 percent of employees initiate most of their own training, two-thirds of which is not directed toward improving present job

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performance. The information is not integrated into proper appraisal of personnel or termination of unsatisfactory performers.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Environmental Protection Agency/Small Business Administration/Federal Emergency Management Agency

ISSUE No./TITLE: EPA 12: Financial Systems

DEPARTMENT/PROGRAM: EPA

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 66 (R)

THREE-YEAR SAVINGS ($ millions): $3.9 (S) (I: Info all)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

EPA's FY 1983 operating budget is expected to remain at its FY 1982 level of $3.5 billion. Financial control of the agency is divided between the Comptroller's office, which serves a coordinating function in the budgeting and planning process, and the financial management division of the Office of Administration, which maintains administrative control of the agency's funds. Approximately 300 employees are involved, to varying degrees, in EPA's budget process and financial management system.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

EPA lacks an accurate and timely cost and financial information system needed for efficient and effective cost control. The current financial management system (FMS) is overly complex and many EPA employees do not understand the budget process, terminology, and procedures. As a result, software capabilities of FMS are underutilized. This underutilization makes it impossible to deliver FMS reports that are accurate, timely, and in an easily understood format. Additionally, there is no comprehensive cost accounting system.

The level of budget operating control is perceived by many managers as restrictive to efficient financial management. The employees are not sufficiently trained, and the FMS has not been fully implemented to handle receivables, payables, property accounting, and other functions. Furthermore, there is a lack of senior management dedication to the system's integrity.

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INFORMATION GAP (EPA 12 CONT'D)

As a result, there are a number of redundant program analysis positions in the Comptroller's office and program offices. The agency receivables are at an unacceptably high rate. The management is not well informed and the information is not provided to make cost effective decisions.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Environmental Protection Agency/Small Business Administration/Federal Emergency Management Agency

ISSUE No./TITLE: SBA 2: Improvements in Loan Quality

DEPARTMENT/PROGRAM: SBA

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 17 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

One principle SBA activity is making direct and guaranteed loans to small businesses that are unable to obtain credit elsewhere. The SBA provides direct loans and guarantees on loans made primarily by banks. The FY 1983 budget is $85 million for direct loans and $2.01 billion for guaranteed loans. As of May 1982, approximately 25 percent of the SBA total loan portfolio was in deferral, past due, or liquidation status. SBA's net charge-off percentages have been on average four times higher than those experienced by the private sector.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

SBA lending officers do not receive timely data on past due loans. "Thirty day and over" past due lists are received five to six weeks after the fact. In addition, net charge-offs as well as past due statistics are not provided to district office managers on a timely basis.

There is currently no incentive to improve the quality or the flow of information within the organization primarily because their is no officer accountability.

As a result of the delay and the quality of information provided to management the ultimate collectability of many past due loans is diminished.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Environmental Protection Agency/Small Business Administration/Federal Emergency Management Agency

ISSUE No./TITLE: FEMA 1: National Flood Insurance Program

DEPARTMENT/PROGRAM: NFIP

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 4 (R)

THREE-YEAR SAVINGS ($ millions): $662.0 (S) (III: Info plus)

FUNCTION/CATEGORY: Program

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

The purpose of the NFIP is to provide adequate indemnification for loss of property in flood-prone areas where private insurance protection is unavailable or unaffordable and to insure that adequate safeguards and land use restrictions are in place to minimize future losses. The NFIP is financed by premium income augmented by Treasury borrowing. The budget and related appropriations for FY 1983 were $42 million and reflect only the administrative costs for the current year and program deficit incurred two years previously.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

There is very limited NFIP statistical data and what exists is further complicated by significant program changes. The result is a lack of a sound historical base which does not permit the identification of cause and effect relationships and is too limited to project the future with any degree of confidence.

This program has developed from zero to about two million policies in the past twelve years. This initial rapid growth in a new program does not provide the type of historical, statistical experience on which projections of the future may be based. Assumptions have little credibility. No surveys or studies have been done to provide the essential data upon which to make decisions regarding the type and degree of program modifications necessary to accomplish the desired objectives.

As a result, the NFIP is not well-equipped for planning to achieve actuarial soundness and self-supporting status.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Construction Management

ISSUE No./TITLE: CONST 21: Improve Construction Project and Program Management

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 137 (A)

THREE-YEAR SAVINGS ($ millions): $286.5 (S) (III: Info plus)

FUNCTION/CATEGORY: Facilities

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

The Government engages in virtually every type of construction project, involving buildings and non-buildings. Currently, 26 agencies possess program authority to initiate construction. Federal obligations for FY 1983 totaled $25.2 billion. Private sector engineering and construction firms traditionally appoint a project manager for every major project or group of smaller projects. Federal agencies typically do not appoint project managers.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Current management information systems concentrate on financial data rather than the physical status of construction and related activities. Formal detailed schedules pertaining to construction activities often are not prepared or maintained. There is a failure to acquire complete site data and to develop, review and coordinate the specifications and associated data on which construction prices and schedules will be based.

This is largely due to the fact that there is no single individual who has the role of planning, organizing, staffing, directing, controlling and leading each Government construction project. Such a manager would ensure that projects properly interface with program management.

As a result, there are scope, quality, cost and delay problems surrounding Federal construction efforts. The large cost and schedule overruns currently experienced result in excessive and unanticipated expenditures.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Construction Management

ISSUE No./TITLE: CONST 23: Improve Data Bases and Enforce Life-Cycle Costing Requirements

DEPARTMENT/PROGRAM: Government-wide, especially GSA

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 156 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Facilities

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

Life-cycle costing (LCC) is a method of analyzing facility and business systems, equipment and materials, that takes into consideration fixed costs, operating and maintenance costs, life expectancy residual values, and the cost of money. It is a recognized and established technique for estimating the total costs to acquire, own, operate and maintain buildings, and it aids in selecting among alternatives that have distinct variations in cost over time. The concept of LCC used by the Federal Executive Branch is comparable to that used in the private sector.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The General Services Administration bases budget requests on very crude estimates, usually based upon regional unit cost per square foot or some other gross measure based on historical experience. Such gross measures introduce inaccuracies which are further compounded by relying on data that reflect private sector data rather than Government experience. The cost of land is seldom precisely known, due to lack of preliminary appraisals.

This is due to Government failure to enforce LCC requirements and insufficient data and confusion about discount rates in some cases.

As a result, while LCC is prescribed for most major Federal construction programs in one form or another, the method is not employed consistently or accurately by all agencies, and thus its effectiveness is hampered. Consequently, selections based on alternative investments may be made on an insufficient basis and may ultimately be made in error.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Feeding

ISSUE No./TITLE: FEEDING 1: Policy and Management Information for Federal Feeding

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 5 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Support Services

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

Federal feeding encompasses many different types of institutional and military feeding activities. Currently, Federal feeding includes such diverse operations as school breakfast and lunch programs, Department of Defense procurement for troop feeding, military commissaries and clubs, dietary services for patients of Veteran's Administration hospitals, Bureau of Prisons Inmate-Run Farms, and cafeterias in Federally-owned buildings. Because of its many diverse operations and complexity, no comprehensive record of Federal feeding has been written or documented and no singular Federal policy exists. The Task Force estimated that the sum of all Federal feeding operations approximates $27 billion in expenditures in over 100,000 individual locations.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

There is a lack of management information systems as well as budgeting and cost accounting systems for detailing Federal feeding functions. Where they exist, cost data generally exclude many elements of the total cost of feeding operations. Across agencies and departments there is no consistent set of dollar figures associated with Federal feeding operations. Due to the lack of adequate management information and reporting requirements, the size and scope of Federal feeding is not known by government officials. This void exists at the agency level as well as at any centralized level. Frequently, recorded total costs are not

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broken down into their component costs (i.e., raw food, labor, transportation, utilities, etc.). Local managers usually cannot provide information regarding the cost of space, equipment depreciation, maintenance, utilities, or administrative expense. Attempts to collect aggregate feeding data at the agency and departmental levels have proven to be a difficult task. For example, the Bureau of Indian Affairs administers appropriations for school food service included in the instructional allotments provided to each Federal or contract school under the Indian education programs. BIA was recording in their accounting system food service under the heading of "Gravel Roads and Construction" making an accurate assessment of food costs quite difficult.

The lack of information is attributed to the fact that no single, comprehensive Federal feeding policy exists. This lack of policy has created a universe of feeding operations that is fragmented and lacks uniformity of implementation. Further, feeding generally plays a secondary role in the operations of Federal agencies and departments. Where feeding is not a primary mission it usually does not receive the management attention necessary for efficient operation.

The lack of comprehensive policy, inadequate management information systems and dearth of management attention contributes to a situation of little management control over Federal feeding. As a result, the food service programs are not being monitored, funds are not being efficiently allocated, and funds are often being duplicated or misdirected.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Feeding

ISSUE No./TITLE: FEEDING 5: Troop Feeding Services

DEPARTMENT/PROGRAM: Department of Defense (DOD)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 60 (R)

THREE-YEAR SAVINGS ($ millions): $167.3 (S) (III: Info plus)

FUNCTION/CATEGORY: Support Services

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

DOD procures food through the Defense Personnel Support Center (DPSC). DPSC is headquartered in Philadelphia, Pennsylvania, and has offices throughout the world. Although DPSC purchases food primarily for DOD, and primarily for troop feeding, DPSC also procures food for other government agencies and private parties. In FY 1982, DPSC purchased $1.391 billion of food. Purchases for the Army constitute nearly 44 percent of total purchases. DOD-wide purchases constitute 98.1 percent of the total and other agencies 1.9 percent of total food purchases. There is no DOD information system to record all costs and food service participation rates. Different branches of DOD disagree on the amount of department's food expenditures. DOD also lacks systematic computerized data on labor, transportation, and overhead costs associated with feeding operations. The method for determining the budget for military subsistence has remained essentially unchanged for over 50 years. The system utilizes a Food Cost Index (FCI) which is calculated based on higher-cost food items than those actually consumed in dining facilities. Consequently, the military's food budget is inflated.

The problems seem to have resulted from an antiquated management system and lack of incentive to change.

As a result, the military gets more money than is necessary to feed troops. Excessive food allowances encourage lax accountability. The GAO has found that food is not always consumed as reported and often food is being wasted.

PSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Hospital Management

ISSUE No./TITLE: HOSP 3: A Central Health Entity for the Department of Defense

DEPARTMENT/PROGRAM: DOD

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 64 (R)

THREE-YEAR SAVINGS ($ millions): $744.7 (S) (III: Info plus)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

Currently, three Military Medical Departments administer the Military Health Care System (MHCS), operating 161 hospitals, 310 clinics and various other programs at a cost of $6.7 billion in FY 1981.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The Uniform Chart of Accounts (UCA), on which MHCS's accounting system is based, omits many costs that would depict work load and cost data, as well as omitting costs that would be allocated in the private sector. Examples of major cost factors omitted are construction and renovating costs, employee benefits, overhead, training centers, and interest expense, among others.

This is due to the fact that the development of UCA has been hampered by a lack of central control and by varying degrees of support for each Medical Department. There has been a general lack of an adequate information system as well as a lack of controlling overall authority based upon a consistent mission philosophy.

As a result, the management information system currently being developed is extremely limited, due to the lack of data available from each of the services. This inhibits program monitoring and planning, and has resulted in excessive costs of running certain programs.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Hospital Management

ISSUE No./TITLE: HOSP 4: Planning and Resource Allocation in the Veteran's Administration Hospital System

DEPARTMENT/PROGRAM: Veterans Administration (Department of Medicine and Surgery)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 82 (R)

THREE-YEAR SAVINGS ($ millions): $4,887.6 (S) (III: Info plus)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

The Veterans Administration (VA) administers 172 hospitals which provide a full range of services to patients. In-patient care is budgeted at $4.8 billion for FY 1983. The total budget has increased from $1.7 billion in 1970 to over $7 billion in FY 1983. However, these facilities are underutilized in the aggregate. Over the past 15 years, the utilization of VA hospitals by eligible veterans, and the characteristics of the veteran population, have each shown some dramatic trends that are not reflected in the operating statistics, which are at variance from those found in the private health care system.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

VA's patient treatment file (PTF) lacks key information on attending physicians, the details of the patient's condition, length of stay and reasons for hospitalization. Such information may be missing or ill-defined, and it is not accessible once stored.

This is due to the number of staff who are responsible for each patient's treatment file, and overall lack of managerial checks to see that diagnoses and procedures are properly abstracted and coded.

As a result, the VA lacks a sophisticated PTF. This affects the VA's ability to adopt a case-mix-based budgeting or planning process.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Hospital Management

ISSUE No./TITLE: HOSP 5: The Veterans Administration Health Facilities Construction Program

DEPARTMENT/PROGRAM: VA Office of Construction

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 105 (R)

THREE-YEAR SAVINGS ($ millions): $733.3 (S) (III: Info plus)

FUNCTION/CATEGORY: Facilities

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

The Veterans Administration (VA) devotes nearly 800 staff persons to managing the VA Construction program. Over $3.[illegible] billion has been authorized by Congress for the construction program since 1974. There is $452 million authorized for FY 1983. The volume of construction activity needs to keep pace with obsolescence and changing needs of the veteran population -- estimated to require billions of dollars.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Data and assumptions used for construction planning are questionable. Information on the VA's share of the market for medical services, geographic movements of the veteran population, facility utilization trends, and technological change are all outdated, or lacking.

These shortcomings are thought to be due to the bureaucratic distance between the Office of Construction and the Department of Medicine and Surgery, and the leadership of the Office which is wedded to current practice and resistant to change. There are no incentives for cost efficient performance: no reviews and no rewards.

As a result, major planning decisions are made on insufficient information, and the construction program authorizes projects that are potentially wasteful.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Hospital Management

ISSUE No./TITLE: HOSP 6: Organization and Decision Making in the Veterans Administration Hospital System

DEPARTMENT/PROGRAM: Veterans Administration (Department of Medicine and Surgery)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 124 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Personnel

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

The Chief Medical Director of the Department of Medicine and Surgery (DM&S) reports to the Administrator of the Veterans Administration (VA) and is in charge of all programs and oversight of hospital functions. There are 29 districts and six major regions that are managed by the Central Office. Large, private sector hospital systems focus on the decentralization of responsibility.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

There is a lack of information pertaining to facilities' work load, individual institutional budgets, case-mixes, and other data. Such data is necessary to aid the VA in planning on a national basis.

This is due to minimal control over data collection efforts, a poor understanding of the information needs of the VA system, and the apparent lack of budgetary incentives to make changes.

As a result, management and accountability at each VA facility is limited. There is little valid basis on which to evaluate performance, no feedback or reward system, and thus no incentive to improve performance.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Hospital Management

ISSUE No./TITLE: HOSP 7: The Management Information System in the Veterans Administration Hospital System

DEPARTMENT/PROGRAM: VA (DM&S, Controller, Data Management, Hospitals)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 135 (R)

THREE-YEAR SAVINGS ($ millions): ($365.5) (S)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

The Veterans Administration (VA) Automated Data Processing (ADP) system is outmoded and managed remotely. Information systems supporting VA hospitals are applied uniformly to all hospitals and operate in a batch mode at a single central facility. For each major system there is a project manager located in the Central Office in Washington, D.C. Therefore, communication between the manager and individuals supervised is on a remote basis. The management and characteristics of information systems used by private multi-hospital management organizations is far more sophisticated and serviceable.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The major sources of VA data have problems which limit their usefulness:

- Data is aggregated before it is input.
- There is no flexible report-generation capability.
- Identification on the Patient Treatment File is lacking.
- Budget and monitoring information lacks consistency, and accuracy, and such information cannot be interfaced with that on other systems.
- There is no source of data for measuring performance at a level below the aggregate.

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*/ Capital and development costs associated with a new ADP system. Future savings are substantial, as other operating improvements are contingent upon the use of a sophisticated ADP system.

In addition, there are long delays in receiving data at individual hospitals and many facilities don't utilize ADP systems.

This situation has developed over the past two decades because the VA has never really been compelled to "manage," but has merely had to store data to meet work load and fiscal goals.

As a result of these characteristics, the existing VA information system has little value for management. All users face duplicate and erroneous data, slow processing, nonintegrated systems, and slow reporting. Users in individual facilities are accumulating much data of little use at the local level; they also lack control over developing systems. The current system does not provide the information needed for effective institutional management.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Hospital Management

ISSUE No./TITLE: HOSP 9: Reducing the Amount of Federal Hospital Cost Spent on the Open Market for Medical Supplies

DEPARTMENT/PROGRAM: Veterans Administration, Department of Defense, Indian Health Service

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 162 (R).

THREE-YEAR SAVINGS ($ millions): $221.8 (S) (I: Info all)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

Federal hospitals acquire their medical supplies from the following sources: 1) Federally operated supply depots, 2) purchase orders against nationally negotiated, indefinite quantity contracts, 3) open market purchases negotiated at the local level and 4) orders placed on the open market without negotiation. Local level purchasing accounts for 40 percent of all purchases representing $673.1 million in FY 1981. In contrast to VA procurement, the private sector uses national contracts to purchase 75 to 85 percent of its medical supplies.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Neither the Veterans Administration (VA) nor the Department of Defense (DOD) has a procurement data system to record/monitor how frequently hospitals purchase on the open market when such supplies could be acquired through national contracts. In addition, little data is available to VA and DOD to reveal the true extent of local purchasing. This is especially true for non-stocked items.

This is due to the fact that most hospitals do not even perform manual analyses of purchasing records and that there are few incentives to manage more efficiently.

As a result, VA exhibits poor administration and financial controls, as well as a lack of planning. Without data it is not possible for a supply or procurement officer to monitor performance or identify opportunities for improved pricing.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Hospital Management

ISSUE No./TITLE: HOSP 10: Medical Care Cost Recovery by the Department of Defense

DEPARTMENT/PROGRAM: Department of Defense (DoD)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 172 (R)

THREE-YEAR SAVINGS ($ millions): $68.5 (R) (I: Info all)

FUNCTION/CATEGORY: Program

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

DOD operates the largest medical care cost recovery program in the Government. DOD medical facilities often treat individuals who are injured or become diseased due to the negligence or irresponsibility of a third party. When a DOD facility provides such care, that facility is responsible for notifying a claims officer of possible third-party recovery.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Claims officers are hindered by a lack of information necessary for processing claims. Often those officers are unaware of the possibility that third-party liability exists. Even when they are aware, the facts and circumstances are often so vague and incomplete that it is difficult to properly assess and collect the liability.

Reasons for this information deficiency include inadequate forms, inconsistent information-gathering procedures, lack of time and non-response from the injured party. Medical care cost recovery is not a high priority.

As a result, claims are not recovered and the Federal Government (DOD) does not realize the revenues that it should.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Hospital Management

ISSUE No./TITLE: HOSP 11: Medical Care Cost Recovery from Insured Inactive Military Beneficiaries

DEPARTMENT/PROGRAM: Department of Defense (DoD)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 191 (R)

THREE-YEAR SAVINGS ($ millions): $1,211.4 (R) (I: Info all)

FUNCTION/CATEGORY: Program

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

Many of those individuals who are eligible for and receive medical care as military beneficiaries also have private health insurance. Historically, DOD has made no attempt to collect the cost of care provided to these insured beneficiaries from their private insurance carriers. Total medical care costs for inactive beneficiaries exceeded $1.6 billion in FY 1981.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The information necessary for DOD to seek recovery of costs is not adequate. DOD does not have a system to accumulate the actual cost of caring for patients on an individual basis and does not effectively utilize the Uniform Chart of Accounts which accumulates costs in medical facilities by cost centers. The Military Health Care System treatment forms do not adequately cover health insurance information. Also, cost information used to reimburse claims is generally inaccurate.

These problems stem from DOD's past reluctance to pursue reimbursement as well as from its lack of management controls.

As a result, claims are not processed, and when they are, unjustifiably low charges are assessed and collected.

R/ Revenues recovered from insured beneficiaries' insurance carriers.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Hospital Management

ISSUE No./TITLE: HOSP 12: Reducing Duplicate Payments in the Federal Hospital System

DEPARTMENT/PROGRAM: Veterans Administration and Indian Health Service

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 213 (R)

THREE-YEAR SAVINGS ($ millions): $195.0 (S) (II: Info only)

FUNCTION/CATEGORY: Program

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

When Department of Defense (DoD), Veterans Administration (VA) and Indian Health Service (IHS) facilities are not used by eligible beneficiaries, the cost of care of a private facility is reimbursed to them. The DOD, VA and IHS reimbursement programs are independent services with different fee systems, including different eligibility standards and reimbursement rates. Some 15-20 percent of all VA and IHS claims result in duplicate or erroneous payments.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

There are no procedures to identify patients with dual eligibility, and no efficient procedure for authorization of payments. The independent claims processing systems do not exchange compatible information. Contract health officers frequently do not know enough about authorization procedures of other programs and other defined reimbursement amounts.

This is due to the independent organizational structure of these programs, and lack of incentives at the program level to initiate cooperation.

As a result, there is no control over duplicate or erroneous payments and funds may be grossly misallocated.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Hospital Management

ISSUE No./TITLE: HOSP 13: Medical Care Cost Recovery Opportunities in the VA Hospital System

DEPARTMENT/PROGRAM: Veterans Administration

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 224 (R)

THREE-YEAR SAVINGS ($ millions): $1,441.2 (R) (III: Info plus)

FUNCTION/CATEGORY: Program

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

Care in Veterans Administration (VA) hospitals is free for veterans aged 65 and older and for all veterans with service-connected illnesses and injuries. Free care is also provided to veterans under 65 with non-service-connected illnesses or injuries if they demonstrate they are financially unable to pay for their care. Over 13 percent of the veterans in the latter category have private health insurance and approximately 62 percent of the veterans in VA hospitals were non-service-connected.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The VA accounting system does not reflect the real costs of care. It does not provide an itemized billing for each patient. Therefore, rates are based on average costs, instead of real costs. Means testing was dropped and actual costs are not collected.

This is primarily because the VA does not have the information system capable of providing accurate costs for services. Although authorized by law, the VA has not devised a means test for those non-service-connected veterans who declare themselves unable to pay for medical care services. Also, current law does not prevent insurance carriers from having exclusionary clauses that bar recovery by Government agencies.

As a result, claims authorities do not know when a non-service-connected veteran has insurance and is capable of paying for the costs of medical care provided, and they are not able to actively pursue claims. When processing a claim, they do not know the actual costs that should be recovered. Using actual costs to produce billable charges would greatly increase the amount of recoverable cost.

R/ Additional revenues recovered.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Management Systems

ISSUE No./TITLE: FMS 1: Administration and Management Functions, Methods and Organization

DEPARTMENT/PROGRAM: Executive Branch

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 4 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

No single department or agency is responsible for overall Executive Branch administrative direction and policy setting. Responsibilities for property, financial management, human resources, and ADP management are scattered among many agencies.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Management information provided to the central agencies of the Executive Branch is incomplete. This lack of Government-wide management information inhibits the ablility of central agencies to improve Executive Branch administrative functions.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Management Systems

ISSUE No./TITLE: FMS 2: Executive Branch Information Systems

DEPARTMENT/PROGRAM: Executive Branch

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 50 (R)

THREE-YEAR SAVINGS ($ millions): NO

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

The Executive Branch agencies utilize 300 different automated accounting systems which are incompatible with each other. This is despite a law requiring the GAO to establish standard accounting systems across all agencies.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The result of the multiplicity of accounting systems is a massive duplication in the development of agency hardware. No one seems to know the combined cost of these different accounting systems - it is "estimated" that the Executive Branch spends over $3 billion annually for software.

The use of 300 different systems has contributed to a lack of timely and accurate management information for use by agency heads.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Federal Management Systems

ISSUE No./TITLE: FMS 5: Capital Budgeting

DEPARTMENT/PROGRAM: Government-Wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 96 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

The Federal Government currently conducts no comprehensive inventory of its capital assets and their condition.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Without such an inventory, identifying maintenance needs and new item requirements as well as developing capital plans and budgets is not

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Financial Asset Management

ISSUE No./TITLE: ASSET 8: Cash Management Incentives - Budget System

DEPARTMENT/PROGRAM: Government-wide (Treasury Department)

PAGE REFERENCE [REPORT/R/APPENDIX (A)]: 75 (R)

THREE-YEAR SAVINGS ($ millions): NO

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

Deficit financing has been the mode of operation in the Government for the last 20 years. In FY 1983, interest on the public debt is estimated to be $132.9 billion. Offsetting interest income reduces the net interest outlay to $96.4 billion. Treasury, through the Bureau of Public Debt and the Federal Financing Bank, is responsible for virtually all of the interest expense of the Federal Government.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Agencies and departments do not have accounting systems to account for cash management processes (monitoring receivables, payables or inventories). Nor do they have cash flow forecasting capabilities. Cash management consists of after-the-fact recording of data, which is used primarily for the next year's budget allocations and for trend analysis cash flow forecasting.

The absence of cash management systems is largely attributed to the fact that no incentive exists to develop one. The reason for this is that traditionally Treasury has paid for all cost of money within the Government, whether or not it did the actual disbursements.

As a result, billions of dollars in interest expense is being unnecessarily charged.

HPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Financial Asset Management

ISSUE No./TITLE: ASSET 9: Cash Management Incentives Administration

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 79 (R)

THREE-YEAR SAVINGS ($ millions): NO

FUNCTION/CATEGORY: Performance

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

Collections and disbursements of Government funds total over $1.7 trillion annually. This amounts to $3.4 billion collected daily and a like amount spent daily. Compared to large corporations, the average daily transaction amounts would equal or exceed the annual sales and disbursements of the 119th largest corporation in America. The responsibility for developing accounting systems lies internally within each department or agency, and sometimes at the program level.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The information systems in many agencies are far behind the state-of-the-art or are incompatible across agency lines. The Federal Government cannot centrally determine:

- delinquency and aging of debt owed the Government with compatible definitions across agency lines,
- cash held by grantees,
- cash balances,
- real time financial data -- value of procurements, grants, obligations, commitments, and
- total Federal funds committed to individual states and localities.

This lack of knowledge results from the absence of a centralized cash management function. There is no central source of information on accounts receivable, accounts payable and inventory control systems. No incentives exist to improve this situation.

As a result, there is poor management of cash resources: poor utilization of available funds and high interest expense.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Financial Asset Management

ISSUE NO./TITLE: ASSET 12: Credit Processing

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 103 (R)

THREE-YEAR SAVINGS ($ millions): $1,010.8 (S) (I: Info all)
$5,571.2 (CA)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

The direct lending activities of the U.S. Government make it one of the largest banks in the world. In FY 1981, the total amount of new direct loan transactions approached $56 billion, and the accumulated total of direct loans outstanding was $185 million. Twelve of the thirteen departments and more than two dozen agencies and subdivisions are involved in direct lending activities. It has been estimated that the Federal Government made over 1.3 million direct loans in FY 1981.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Credit information on a Government-wide basis is not timely, accurate or complete. No Government-wide statistics are available on default. There is no information sharing among departments on credit worthiness. Credit definitions vary between departments as well as within a department. No coordination of reports is attempted and duplication and inconsistencies within and among agencies exist.

This information inadequacy results from several factors: incentives to improve credit practices are inadequate, the content of loan applications is insufficient, internal controls are lacking, and there is no emphasis on servicing the outstanding credit.

As a result, the accounting and record systems are incapable of supporting effective management. Defaults and charge-offs persist.

PPSSGC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Financial Asset Management

ISSUE No./TITLE: ASSET 23: Improved Accounting and Reporting - Guaranteed Government Lending

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 183 (R)

THREE-YEAR SAVINGS ($ millions): NO

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

Guaranteed loans, like direct loans, enable the Government to achieve a desired flow of capital into specific sectors to implement certain policy goals. New gross guaranteed loans in FY 1983 are expected to total $150.1 billion. Such guaranteed loans have grown more than 122 percent in the five-year period from FY 1978 to 1983. Five agencies accounted for 88 percent of all new gross guaranteed loans in FY 1983. There is little if any (consistency) among guaranteed programs with respect to origination in guaranteed fees, actuarial soundness, interest rates or loan origination, servicing and liquidation.

INFORMATION GAP PROBLEM CAUSE CONSEQUENCE:

The Government maintains conflicting information as to exactly how many loan guaranteed programs are in operation and the total of guaranteed loans. There is a lack of data to adequately monitor the quality of lending agency portfolios. Current budget reporting on guaranteed loans is limited. Although the agencies do report some information to OMB for the evaluation of these programs, they do not provide data to adequately monitor the costs, the quality, the level of subsidization, or the average yield of their portfolios.

Due to the accounting practices, which push the costs of Federal loan guaranteed programs into future years, there is no direct incentive to agencies to reduce losses. In fact, it creates a means by which losses can be hidden for years without being recognized.

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INFORMATION GAP (ASSET 23 CONT'D)

As a result of these inadequacies, it is impossible to make rational decisions concerning program costs and benefits. The agencies are not held accountable for their programs and portfolio problems are not detectable.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Financial Asset Management

ISSUE No./TITLE: ASSET 26: Federal Debt Collection Management

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 208 (R)

THREE-YEAR SAVINGS ($ millions): $1,190.6 (S) (I: Info all)
$8,100.0 (CA)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

Debt owed the Federal Government arises from hundreds of Government activities that generate receivables. About 85 percent of the total $219 billion in receivables due the Government as of June 30, 1982 were from loan programs. Of that total, 16 percent are delinquent. Twenty-four agencies are primarily involved in the debt collection process, accounting for about 95 percent of the total recorded debt owed the Government. While the Executive Branch recognizes debt collection problems, not much real progress has been made. Total debt owed the Federal Government has increased 25 percent since 1978 while delinquencies have risen by 38 percent.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

In many cases reliable data on receivables do not exist. There is a lack of a uniform definition of terms used in monitoring debt collection. These include such fundamental concepts as debt, delinquent debt and allowance for doubtful accounts or write-offs. This lack of uniformity is found across various agencies as well as within selected agencies. In addition, there is a lack of uniformity in reporting delinquent debt, and receivable records are often inadequate. Accounts receivable and loan receivable records are somewhat misleading and often inaccurate. These problems in reporting are compounded by the lack of computerized account records and outdated equipment.

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INFORMATION GAP (ASSET 26 CONT'D)

There currently is little or no incentive for each agency to collect debts, primarily because the monies collected go to the Treasury Department and do not affect the agency's appropriations. As a result, the agencies give a much higher priority to the loan and grant programs and very little to debt collection.

As a result of these problems, the effective documentation and tracking of Federal delinquent debt is impeded. Delinquencies are increasing at a much higher rate than total debts."

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Financial Asset Management

ISSUE No./TITLE: ASSET 27: Internal Revenue Service Refund Offset

DEPARTMENT/PROGRAM: Internal Revenue

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 215 (R)

THREE-YEAR SAVINGS ($ millions): $398.3 (S), $1,930.5 (CA)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Analysis

BACKGROUND:

The General Accounting Office (GAO), Office of Management and Budget (OMB), and all the program agencies have supported collecting delinquent accounts by offsetting non-taxing debts against Federal tax refunds. The IRS has opposed such a program because of its potential negative effect on the taxpayer withholding system. Nearly 80 percent of the taxpayers now filing returns receive refunds. This gives the IRS the benefit of a $50 billion float.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

As of June 30, 1982, total outstanding delinquent general debt was $14.3 billion as shown by Schedule 9s, Status of Accounts and Loans Receivable, submitted to OMB. After giving allowances for debt too old to collect, inflated figures, and inaccurancies, we assume 75 percent is collectable.

General debts owed the Government should be offset against IRS tax refunds as a last resort in the debt collection process.

This is an example of non-utilization of data which is readily available.

PPSSCC ISSUE SUMMARY: INFORMATION

TASK FORCE REPORT: Health and Human Services/Management

ISSUE No./TITLE: HHS MGMT 3: Correspondence Control and Clearance

DEPARTMENT/PROGRAM: Office of the Secretary

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 41 (R)

THREE-YEAR SAVINGS ($ millions): $7.1 (S)

FUNCTION/CATEGORY: Benefit Programs

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

Thorough, accurate, and timely replies to all correspondence is an HHS objective. Externally, correspondence responds to problems voiced by the public, as well as Government officials, and keeps the public informed of Department and Administration policy. Internally, correspondence is important for other reasons, for it provides a barometer of public opinion and disseminates information. Thus, correspondence not only reflects management policy, but is also used to formulate that policy.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Based on the PPSS sample, 21 people at HHS handle the drafting and clearance of a Secretary-signature response while only 6 people handle a direct reply; 15 to 20 people handle a Secretary response within DOD and 8 within CCUS. If typists, messengers, and other clerical support personnel were included, the actual HHS number would increase to between 55 and 60.

Not only is the HHS review process repetitive and inefficient but the clearance process is redundant, cumbersome, and time consuming. There are problems in the current and planned EDP correspondence systems as well, particularly in the lack of coordination and integration between systems.

The extensive time required and the complicated process involved in completing responses to letters received by the OS is symptomatic of HHS's organizational layering duplication problem. The numerous levels of review, the multiple clearances, and the delays in processing, all indicate too many people with similar responsibilities performing the same function.

All of the findings outlined above contribute to HHS's substantially lower correspondence productivity and general information management failure compared with DOD and VA.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: HHS/Public Health Service/Health Care Financing Administration

ISSUE No./TITLE: HHS-PHS 2: Indian Health Service (IHS) Contract Health Services (CHS) Program

DEPARTMENT/PROGRAM: Public Health Service

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 121 (R)

THREE-YEAR SAVINGS ($ millions): $116.9 (S) (I: Info all)

FUNCTION/CATEGORY: Program

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

The mission of the IHS is to assure the availability of a comprehensive health service delivery system that will provide Indians and Alaskan natives opportunities for maximum involvement in defining and meeting their own health needs. This is accomplished largely by clinical care services carried out through 1) IHS staffed and operated hospitals/clinics and 2) private providers. The latter comprises the Contract Health Services (CHS) Program, administered by the CHS branch of the IHS. The FY 1983 contract-care services budget is $130.5 million.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Claims officers do not receive proper or timely information with which to make decisions regarding fee structures and the claims process. Problems also exist in assuring that alternative reimbursement resources have paid first, before making the IHS the residual payor for services performed.

This is due to the fact that authorization and claims processing activities are almost entirely manual. With over 680,000 documents being processed, a paperwork burden makes it virtually impossible for claims officers to effectively carry out their responsibilities.

The result is that the IHS mission may not be carried out as intended and adequate contract health care services may not be provided to the Indian people. At the same time, lack of adequate verification of alternative resource payments results in the IHS making significant unnecessary payments.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: HHS/Public Health Service, Health Care Financing Administration

ISSUE No./TITLE: HHS-PHS 7: Improve Collections from PHS Student Loans

DEPARTMENT/PROGRAM: Health Resources Services Administration/ Bureau of Health Professionals/Division of Student Assistance

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 165 (R)

THREE-YEAR SAVINGS ($ millions): ($ 0.6) (S) (III: Info plus)
$30.0 (CA)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

The Health Services Administration (HSA) administers a number of scholarships and loan programs designed to increase the number of health professionals in the U.S. in general and to increase the number of health professionals eligible for service in Health Manpower Shortage Areas (HMSAs). In FY 1982 the loan portfolio had assets in excess of $930 million covering 800,000 awards. 4.8 percent of the portfolio is in default as well as 12.8 percent of all accounts receivable.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Financial data is not entirely reliable and is not being properly utilized to collect funds. The information is inadequate as to content and is not collected on a timely basis. The Health Resources and Services Administration has not yet implemented quarterly financial reporting, including aging of accounts receivable, and it has no audit capacity.

Underlying organizational problems are the cause of HSA's information deficiency, which have been the subject of chronic Congressional, General Accounting Office and Inspector General concern.

As a result, past due loans are in an uncontrollable state: elapsed time between loan disbursement and debt service is often 10 years, minimum payments are not insisted upon and loan delinquency ratios are very high compared to private sector standards.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: HHS/Public Health Service/Health Care Financing Administration

ISSUE No./TITLE: HHS-PHS 7A: National Health Service Corps Debt Management

DEPARTMENT/PROGRAM: Health Resources Services Administration/ Bureau of Health Care Delivery and Assistance/National Health Service Corps (NHSC)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 181 (R)

THREE-YEAR SAVINGS ($ millions): $ 4.6 (S) (I: Info all)
$21.7 (CA)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

The National Health Service Corps places volunteers in Health Manpower Shortage Areas (HMSAs). A steady supply of doctors for this program was ensured by the exchange of obligated service at HMSAs for a full tuition scholarship and monthly stipend to medical students. The Government bills the HMSAs for these assignees. 1982 appropriations were $131.8 million. Of the $100 million due the Government, only 10 percent has been recovered as of December 1981.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The management of the program at the central level has no record of receiving payment or notice of waivers for bills issued during the 1977-1980 period, for amounts over $10 million. Of this amount, over 50 percent is considered as uncollectable or inaccurate.

This poor control of billings and receivables is largely due to the lack of data processing equipment, standardized procedures, the lack of staff with an accounting background, and the preoccupation of the staff with personnel problems at the HMSA sites.

As a result, there is a lack of monitoring of the debt collection, and the delinquency rate has become excessive.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: HHS/Public Health Service, Health Care Financing Administration

ISSUE No./TITLE: HHS-HCFA 6: Electronic Data Processing Independence

DEPARTMENT/PROGRAM: HHS-HCFA

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 82 (R)

THREE-YEAR SAVINGS ($ millions): $324.4 (S) (I: Info all)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

In 1977 the Health Care Financing Administration (HCFA) was created and separated from the Social Security Administration (SSA). Electronic data processing (EDP) and telecommunications were left largely with SSA. Today approximately 85 percent of HCFA's EDP work load volume is supported by SSA systems. HCFA's system is outmoded and highly inefficient. It is overloaded and uses outdated equipment as well as highly cumbersome sequential tape files.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

There is a lack of readily accessible information needed to support HCFA program controls. Its Bureau of Quality Control is basing current cost studies on 1979 data which is the most recently available from the system. In addition, HCFA's sequential tape files must be completely rewritten in each nightly update, involving a high level of human intervention and high error rates. With current systems overloaded, information is not processed in a timely fashion.

This is due to the lack of attention by Department of Health and Human Services top-level non-EDP management to EDP matters, a condition which is aggravated by the regular turnover of the top appointed positions.

As a result there is no long-range EDP plan within HCFA to provide for orderly development and implementation of state-of-the-art data based systems or to break the dependence on SSA's outmoded EDP system. Thus, HCFA experiences poor administration and financial controls, as well as a lack of planning.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: HHS/Social Security Administration

ISSUE No./TITLE: HHS-SSA 3: SSA Status of Data Operations Centers

DEPARTMENT/PROGRAM: Data Operation Centers (DOC)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 80 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Programs

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

The income side of the Social Security Administration's (SSA) processing is done in 3 DOCs, located in Pennsylvania, New Mexico, and California. The income data is largely captured from W-2s and other similar forms in a process known as Annual Wage Reporting (AWR). The AWR process is critical to the SSA's ability to provide timely information to field offices regarding potential benefit claimants, and to a number of earnings comparisons that should be made on a periodic basis. The process is complicated with input coming from a number of different sources and reported on a variety of media (paper, magnetic tape, floppy disks, etc.). Extensive efforts by SSA to obtain more complete information and to correct erroneous data are time consuming; making the true processing cycle more than a year under the best of circumstances.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

SSA is unable to provide timely and accurate data to the field offices. The SSA maintains a suspense file which contains any wage item that cannot be posted to an individual's account do to errors and omissions in reporting. Currently, this file has grown to some 138 million items valued at $89 billion dollars. SSA is unable to make thorough computer checks because until recently, many of the suspense items dating back to earlier years were not in machine readable form. These records are stored on microfilm and predate the advent of automated data processing.

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systems in the SSA. The conversion of these items to magnetic media is expensive and time consuming. Secondly, SSA is unable to compare earnings reported on W-2s to the benefits that are actually paid. This would allow SSA to determine overpayments and other irregularities.

These problems arise because of work backlogs in the computer center and the lack of computer capacity, as well as the transfer of the files to disk storage replacing magnetic tapes now in use.

As a result of these insufficiencies, the account which holds unposted earnings is high in dollar amount and is growing. This causes beneficiaries to lose benefits. Further, the inability to compare the earnings reported are causing beneficiaries to defraud the SSA resulting in the misallocation of

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Housing and Urban Development (HUD)

ISSUE No./TITLE: HUD 1: Financial Management Systems

DEPARTMENT/PROGRAM: HUD

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 9 (R)

THREE-YEAR SAVINGS ($ millions): $292.7 (S), $278.0 (R)
$222.5 (CA)

FUNCTION/CATEGORY: Program

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

Prior to 1965, the Federal Housing Administration (FHA) and the Department of Housing were two independent Government agencies. In 1965 they were merged. HUD now administers complex public housing and community development programs combined with the significant mortgage insurance functions of the FHA.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

No one area of HUD has been given total responsibility and authority for coordinating and developing Department-wide financial systems. Indeed, there is no entity responsible for ongoing operational audits of HUD-related activities.

The result, of course, is that management does not have the information required to guage program activity and effectiveness. In effect, often times management doesn't know it doesn't have all the relevant information required for informed decision - making.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Housing and Urban Development (HUD)

ISSUE No./TITLE: HUD 2: Organization and Administration

DEPARTMENT/PROGRAM: HUD

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 47 (R)

THREE-YEAR SAVINGS ($ millions): $ 69.6 (S)

FUNCTION/CATEGORY: Program

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

In the 18 years that HUD has been in existence, it has had seven Secretaries and 60 different individuals as Assistant Secretary. The current structure is three - tiered: headquarters, 10 regional offices, and 80 area and field offices.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Too much data moves throughout the organization. Typical ADP reports at HUD are voluminous and the detailed information they contain has been formatted toward the lowest level responsible for processing the work, not the individuals responsible for managing it.

The data is not in a summary format that managers can use to make decisions readily. Several region, area, and program managers in the field and headquarters stated this was a major reason for high levels of administrative staffing. They state that they need people to turn the detailed, voluminous information into more workable, usable data, and do not get support from Office of Information and Policy Systems (OIPS). The Chicago region, for instance, has had a complete set of specifications for a financial management system "under review" in headquarters for eight months. They cannot get a decision, they have created their own ad hoc reports and processing system.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Housing and Urban Development (HUD)

ISSUE No./TITLE: HUD 3: Debt Collection Management

DEPARTMENT/PROGRAM: HUD

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 69 (R)

THREE-YEAR SAVINGS ($ millions): $30.4 (S), $285.9 (CA)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

As of September 30, 1981, accounts and loans receivables amounted to approximately $13.9 million, of which $1.6 billion, or 11.8%, were delinquent.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The monitoring and collection of delinquent accounts is hampered by antiquated ADP systems. This results in delayed collections, or even in no uniform collection across-the-board.

It appears that HUD has no accurate idea of the total number of delinquent loans still outstanding.

The ineffective accounting system contributes further to HUD's debt-collection problem because no precise assessment of accounts receivable is available.

PSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Housing and Urban Development (HUD)

ISSUE No./TITLE: HUD 5: Verification of Eligibility for Benefits

DEPARTMENT/PROGRAM: Section 8 Leased Housing

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 108 (R)

THREE-YEAR SAVINGS ($ millions): $1,870.1 (S) (I: Info all)

FUNCTION/CATEGORY: Program

PROBLEM CLASSIFICATION: Analysis

BACKGROUND:

The Section 8 program, the largest of all six housing programs in HUD, had estimated outlays of $3.9 billion in FY 1982. Under the Section 8 program, HUD makes up the difference between what a low income household can afford and the fair market rent for an adequate housing unit. Eligibility for Section 8 assistance is generally limited to individuals and families whose income does not exceed 80 percent of the median income for their particular area of residence.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The Inspector General has conservatively estimated that between 12 and 17 percent of the tenants receiving housing subsidies under the Section 8 program falsify information to gain benefits. HUD provides a handbook to determine applicant eligibility in accordance with Federal regulations but the requirement for verification is very general in nature and does not stress the need to establish applicant's income. As a result, each of the local housing authorities are interpreting the HUD handbooks individually and each uses different methods to obtain the required financial information.

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INFORMATION GAP (HUD 5 CONT'D)

In spite of the recognition of the inaccurate, fraudulent data, there has been no attempt to employ computer matching for follow-up verification and investigation.

This inadequacy is the result of the incentive to "get the money out" while program monitoring has received a subordinate role.

As a result of these problems there is a substantial amount of waste, fraud and abuse in this program. The total funds are not being properly allocated to qualified recipien

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of the Interior

ISSUE No./TITLE: INTERIOR 9: Cash Management Improvements

DEPARTMENT/PROGRAM: Office of Financial Management

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 84 (R)

THREE-YEAR SAVINGS ($ millions): $ 23.3 (S/TIMI: Info plus)
$219.9 (CA)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

Through various programs administered by the Minerals Management Service, Bureau of Indian Affairs, Bureau of Land Management, and Office of Surface Mining, the Department of Interior collects bonuses, royalties, fees, and rents. Estimated receipts for 1983-1985 are $49.6 billion. Each bureau and office in Interior has developed its own cash collections and disbursements system. All bureaus and offices deposit receipts at Federal Reserve Banks or Treasury General Accounts. The time it takes to collect a payment through the mail, record it, and deposit it can exceed a week, and it is not unusual for this process to take two weeks or longer. Modern cash management systems can reduce these processing delays to one or two days.

INFORMATION GAP PROBLEM CAUSE/CONSEQUENCE:

There is a lack of adequate accounting control and speed of processing receipts in the various bureaus and offices at Interior that are concerned with collections and disbursements. There is no central source for reliable information on revenues and disbursements, which could be useful to management in reviewing and correcting problems with cash management activities.

This is due to the autonomy of the operations and the lack of centralized direction and control over systems and reporting. The Office of Financial Management has not yet coordinated the reporting requirements of the various bureaus and offices so as to be able to develop standardized documents, or to consolidate collection operations.

As a result, there are long and expensive administrative processing delays; the Treasury does not have use of the funds, and must borrow to fulfill short-term cash needs, resulting in interest expense.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Justice

ISSUE No./TITLE: JUSTICE 1: Uncollected Revenues

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 14 (R)

THREE-YEAR SAVINGS ($ millions): $ 5.0 (S) (III: Info plus) $626.1 (R), $44.2 (CA)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

The Department of Justice (DOJ) acts as a collections attorney for other Federal agencies and it acts as attorney on behalf of the United States in connection with the collection of civil and criminal fines and claims owed to the U.S. Collections as a percentage of total receivables has decreased each year since FY 1979. Debt receivables in FY 1982 were over $1 billion.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

98.8 percent of the claims requiring legal action by DOJ originate in other Federal departments and agencies. DOJ is required to carry such outstanding full obligations on their books. DOJ collection efforts suffer from a lack of uniformity in the: data supplied by the originating agency accounting terms, monitoring processes employed and definition of what constitutes an overdue account.

The lack of uniformity arises from a decentralized collection and credit process in which each agency establishes policies and procedures to serve its particular purpose.

As a result, debt receivables management has not been effective. The number of cases referred to Department of Justice for collections of funds owed the Federal Government is in serious backlog. Specific data is insufficient to allow comparison of DOJ ratio of staff to caseload. This makes an analysis of the most efficient staff level impossible.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Justice

ISSUE No./TITLE: JUSTICE 2: Asset Seizure and Forfeiture

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 27 (R)

THREE-YEAR SAVINGS ($ millions): $ 49.8 (S) (III: Info plus)
$244.2 (CA)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

Various investigative or enforcement agencies such as the Drug Enforcement Administration, the Federal Bureau of Investigation and the Internal Revenue Service seize assets in connection with their investigations and arrests. These assets are then held in custody pending the results of subsequent action. Action taking by DOJ subsequent to the seizure of an asset may include criminal or civil proceedings which result in forfeiture. Estimated total Government seizures in FY 1982 were $317 million, up thirty percent from the previous fiscal year.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Government or agency totals for seizure and forfeiture of assets is not regularly collected. Asset forfeiture record-keeping is on a case-by-case basis. Government totals are available only in the form of estimates. Even the best agency records are neither consistent or complete.

There is currently no oversight of procedures or practices in use by seizing agencies. Seized asset maintenance and subsequent disposal are totally decentralized. The seizing agency, the custodial agency, and the disposing agency may not be the same and may not have the same reporting channels. No office has a comprehensive perspective on seizure operations.

As a result, asset maintenance and disposition is not well-coordinated nor efficiently managed. Inventory control is not effective. Forfeited cash is not deposited in the Treasury to permit interest savings. Poor record-keeping does not permit the accurate valuation of proceeds from disposition.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Justice

ISSUE No./TITLE: JUSTICE 3: Travel Procurement, Expense Accounting and Reimbursement

DEPARTMENT/PROGRAM: Department of Justice

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 37 (R)

THREE-YEAR SAVINGS ($ millions): $3.6 (S) (III: Info plus)

FUNCTION/CATEGORY: Support Services

PROBLEM CLASSIFICATION : Structure

BACKGROUND:

In FY 1982, DOJ spent $106 million on employee travel, including transportation, lodging and meals, and other travel-related expenses. The management of Federal travel is decentralized and is the responsibility of the individual departments and agencies. The management of travel within DOJ is only partly centralized through its Comptroller's office, which handles financing, audit, and review of travel for the department's various offices, boards, and divisions.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The DOJ management of travel is lacking information with respect to both procurement of travel and processing of payments. DOJ does not receive regular, current information on GSA negotiated rates for travel. The data are not easily accessible or timely and therefore travel is often procured at less than optimal rates. The voucher claims reimbursement process is cumbersome in its reporting and accounting procedures. Administration of this process is costly because of the labor and computer time required for proper reconciliation and monitoring of the vouchers.

These problems are largely due to the decentralized nature of travel management. The current system fails to hold the traveler sufficiently accountable on a timely basis for expenditures, and therefore fails to provide adequate incentives for timely accounting and return of advances and other refunds due the agency.

As a result of these information inadequacies, travel and travel management are both more costly than necessary.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Justice

ISSUE No./TITLE: JUSTICE 5: Department of Justice ADP Systems

DEPARTMENT/PROGRAM: Office of Information Technology, Justice Management Division

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 61 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

The Office of Information Technology (OIT) operates a large, complex data center and maintains the general purpose ADP systems, which include financial, accounting, and data base management systems. The Justice Computer Service (JCS) provides both hardware and software development services. There is a program currently underway to upgrade and replace the computer hardware systems.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The data center has not always been able to meet user requirements in a timely and efficient manner. The system's support staff cannot adequately handle requests from 46 users. In planning for their new system, DOJ needs more information regarding the costs and benefits associated with a centralized data center and the costs and benefits associated with decentralized ADP services.

The problems have arisen as a result of the lack of planning efforts and the procurement procedures and policies, which have not been flexible enough to be responsive to users' needs.

As a result, many user groups are acquiring their in-house capabilities and have expressed dissatisfaction with the data center. The use of obsolete systems and the uncoordinated acquisition of new systems results in wasteful expenditures.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Justice

ISSUE No./TITLE: JUSTICE 6: Automated Legal Support Systems

DEPARTMENT/PROGRAM: Office of Litigation and Management Systems/Justice Management Division

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 69 (R)

THREE-YEAR SAVINGS ($ millions): $37.3 (S) (I: Info all)

FUNCTION/CATEGORY: Support Services

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

DOJ represents the Federal Government in most legal actions filed either against or by it in the Federal courts. The estimated 1983 case load is 364,796 handled by 3,799 attorneys and a total staff of 7,959. The litigating divisions are headquartered in Washington, D.C. Each of the litigating divisions currently utilizes automated support services acquired from the Justice Management Division on a reimbursable fee basis, from outside contractors or internal capabilities. DOJ does not routinely gather information on basic case information such as the number, type, and status of cases and investigations in the divisions and the offices of the U.S. Attorneys. The case management system contains limited workload information, which is incomplete and contains some inaccuracies. A comprehensive systems approach to litigation has not evolved so that experience gained during one litigation can be utilized effectively during other litigations. Each division is currently developing its own case management and litigation support system without regard to hardware and software compatibility.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

These problems are a result of the lack of departmental coordination.

Thus, there is a duplication of effort in attorney and programmer time, the system currently does not meet the requirement of its users, the system is not producing useful departmental reports, and is not being utilized. Further, data

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INFORMATION GAP (JUSTICE 6 CONT'D)

from various divisions are not uniform and cannot be aggregated for reporting or management purposes. The litigation preparation and management is suffering and this places the Government at a disadvantage in terms of being adequately prepared.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Labor

ISSUE No./TITLE: LABOR 1: Opportunity to Reduce Abuse in Federal Workers Compensation Disability Programs

DEPARTMENT/PROGRAM: Office of Worker's Compensation Programs/Federal Employee's Compensation Act (FECA)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 6 (R)

THREE-YEAR SAVINGS ($ millions): $189.0 (S) (I: Info all)

FUNCTION/CATEGORY: Personnel

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

The Federal Employee's Compensation Act (FECA) was enacted in 1916 to provide a uniform workmen's compensation for all civilian Federal employees. The act provides monetary compensation, medical care and assistance, vocational rehabilitation, and reemployment rights to Federal civilian employees who sustain disabling injuries as a result of their employment with the Federal government. The system is administered by the Department of Labor. Claims processing occurs at 16 regional offices throughout the country. The system was responsible for the payment of approximately $820 million in 1981 for both compensation benefits and reimbursement for medical expenses. Since 1966 the number of individuals receiving compensation under the system for long-term traumatic injuries has risen to 48,000, an increase of almost 150 percent. This has occurred despite the fact that the number of Federal employees has decreased slightly over that period by 200,000.

INFORMATION PROBLEM/CAUSE/CONSEQUENCE:

The agency does not have a statistical package of data concerning agencies, claimants, examiners, claims offices, and physicians to use in identifying trends and supplying the information necessary for administering this program effectively. In addition, the information that is available

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is not effectively utilized in the identification of possible abuse. Specifically:

- The system does not correlate specific disabilities with specified time periods in order to identify those instances where absence exceeds established medical guidelines.
- There is no package of statistical reports to aid in the identification of possible abuse.
- The current system does not require verification of the medical credentials of the physician certifying disability.
- Payments to claimants continue unless stopped by examiner action rather than ceasing at a specified time period.
- Claims submitted to more than one region cannot be detected.
- Employee eligibility is not verified against a master employee file.
- There is ndentials of the physician certifying disability.

- Payments to claimants continue unless stopped by examiner action rather than ceasing at a specified time period.
- Claims submitted to more than one region cannot be detected.
- Employee eligibility is not verified against a master employee file.
- There is no cross reference to other wage replacement systems to avoid improper payment of benefits.
- Verification of wage earnings are not checked to identify individuals who may be employed while collecting benefits.

Claims office philosophy and practice is driven by the requirement to pay claims quickly with little emphasis on controlling potential abuse. The limited controls that are now in place are usually dependent on employees following prescribed manual procedures. A failure to adhere to these controls does not prevent the initiation of compensation payment. Even when such controls are enforced they are not enforced uniformly throughout the system.

As a result, the monitoring and control functions within the FEC-ADP system are inadequate to detect abuse. As a result, tens of millions of dollars each year are being misapprpriated. ocess of adding nineteen. The civilian personnel office at the Office of the Deputy Chief of Staff for Personnel has staff responsibility for these centers. Learning Resource Centers provide a wide range of training intended to promote realistic career and self-development activities and opportunities for both military and civilian personnel. There are over 125 courses offered.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Labor

ISSUE No./TITLE: LABOR 4: Productivity Measurement and Improvement

DEPARTMENT/PROGRAM: Office of Assistant Secretary of Administration and Management

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 21 (R)

THREE-YEAR SAVINGS ($ millions): $50.3 (S) (III, Info plus)

FUNCTION/CATEGORY: Personnel

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

The purpose of the Department of Labor is to foster, promote and develop the welfare of wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment. In achieving its mission the Department of Labor administers over 130 federal labor laws. Its operations are carried out by 6 administrations, the Bureau of Labor Statistics, and Department Management. It has about 18,000 full time employees: 6,000 in Washington and 12,000 in the field. For FY 1982 it obligated about $37 billion. The Office of the Inspector General has expressed concern about an approach to the identification, control and communication of productivity improvements at Department of Labor.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The DOL agency's management information systems do not produce the information needed to evaluate the performance of individual employees, nor do the management information systems produce the unit cost of a major activity other than travel expenses. Only 43 percent of the supervisors have individual employee production reports. Only 57 percent of the supervisors indicated that most of their employee's work is measured. Of these, less than half feel that these measurements are a fair and equitable basis for evaluating individual performance. The DOL lacks a program for improved productivity management. There is no uniform approach to measurement. There is no organizational

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mechanism to provide liasion among agencies, to encourage management support, or to assist in offering technical advice about the implementation and evaluation of such a system.

Consequently, management controls are not being effectively brought down to an individual employee level and existing output measures are not useful for performance appraisal. Without productivity improvement and thereby result in cost savings.

PPSSCC ISSUE SUMMARY: INFORMATION

TASK FORCE REPORT: Department of Labor

ISSUE No./TITLE: LABOR 9: Reducing Unauthorized Telephone Usage

DEPARTMENT/PROGRAM: Department of Labor

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 72 (R)

THREE-YEAR SAVINGS ($ millions): $3.3 (S)

FUNCTION/CATEGORY: Support Services

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

The General Services Administration, Office of Automated Data and Telecommunications Services is responsible for the provision of the telephone systems, local and long distance services including The Federal Telecommunications System (FTS) Network, and management reports on telephone usage. The FTS was created for conducting official government business at reduced cost.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Department of Labor estimates of unauthorized calling levels range from 10 to 40 percent.

The long distance reports available on FTS, provide the date, calling telephone number, the called telephone number, time of day and duration of the call. However, they do not report calls made before 8:00 a.m. and after 5:00 p.m. since the reports were only being used to monitor usage trends and not to control costs. It is our understanding that DOL employees are aware that their calls are not being recorded before or after this time frame, which may contribute to abuse before or after those hours. Consequently, the reports are not representive of all calls placed over the FTS network. Therefore, while long distance reports can be used for trending purposes, the current information does not lend itself to use for cost containment purposes.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: (30) Land/Facilities/Personal Property*

ISSUE No./TITLE: LAND 2: Federal Vehicle Fleet Management

DEPARTMENT/PROGRAM: Government-wide; mostly GSA, DOD, USPS, etc.

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 14 (A)

THREE-YEAR SAVINGS ($ millions): $146.1 (S) (I: Info all)
$ 15.8 (R)

FUNCTION/CATEGORY: Support Services

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

The Federal vehicle fleet consists of 436,000 vehicles, mostly automobiles and light trucks, dispersed throughout the U.S., and an additional 35,000 located in foreign countries. The fleet is managed through individually operated motor pools. The two largest fleets are operated by the Department of Defense and the U.S. Postal Service, with 138,000 and 118,000 vehicles, respectively. In addition, the General Services Administration (GSA) controls 90,000 vehicles, divided into 101 motor pools, for the assignment and use of other agencies. The annual cost of owning and operating the Federal fleet was $731 million in FY 1981. Both the size and the cost have been growing steadily.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

There is no common or central information system which tracks the cost of acquisition, utilization and maintenance and related costs. Each motor fleet agency operates under its own accounting and cost system. Although all departments and agencies report to GSA annually on the fleet size, type of vehicle, mileage driven, cost of operation and fuel consumed, the resulting information is of dubious value due to inaccuracies and inconsistencies. Further, the costs for capital and other management expense are not collected.

The lack of data or centralized authority is the result of the lack of legal authority to assume managerial responsibility. There is no motivation for identifying or solving the problems.

As a result, fleet management differs in quality from agency to agency and is often duplicative. This results in unnecessary expenditures for facilities, vehicles, and equipment. Inadequate information stymies analysis of the Federal fleet, in gen[illegible]

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*This issue was also covered in the Privatization Task Force Report in issue "PRIVATE 7: Federal Vehicle Fleet Management."

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Low Income Standards & Benefits

ISSUE No./TITLE: LISAB 4: Improved Income Verification Through Computer Matching

DEPARTMENT/PROGRAM: AFDC, Food Stamps, SSI, Medicaid, Section 8 Housing

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 46 (R)

THREE-YEAR SAVINGS ($ millions): $2,257.5 (S) (I: Info all)

FUNCTION/CATEGORY: Program

PROBLEM CLASSIFICATION: Analysis

BACKGROUND:

The Social Security Administration, Departments of Health and Human Services, Agriculture, and Labor, Internal Revenue Service, and Office of Personnel Management all maintain income records or administer one or more needs-based programs. The Office of Management and Budget is responsible for overseeing these agencies in the administration of these programs. Federal regulations require that programs verify recipient income in some, but not all, of the programs, and the procedures are not strictly specified. These programs cost the Government $48,780 million in FY 1982.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Present data sources are neither centralized nor consistent in availability. Managers are often required to verify applicants' income through manual means, having no access to an automated system. When data is complete, it is often 20 months old.

This problem is due, in some instances, to the fact that Federal legislation inhibits the implementation of automated verification systems and in particular the use of tax return data. In other cases, lack of affirmative legislation causes states and Federal agencies to restrict or prohibit the use of relevant, available data.

As a result, 6.3 percent of the total Federal and state benefit payments for these five programs result in overpayments. Using 1982 data, this amounts to $4.1 billion in expected overpayments.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Low Income Standards & Benefits

ISSUE No./TITLE: LISAB 5: Federal Incentive Program for Automation of State Welfare Data

DEPARTMENT/PROGRAM: USDA (Food Stamps), HHS (AFDC), HCFA (Medicaid)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 56 (R)

THREE-YEAR SAVINGS ($ millions): $1,379.2 (S) (I: Info all)

FUNCTION/CATEGORY: Identification

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

The administration of AFDC, Medicaid, and Food Stamps requires the assembly and maintenance of information on applicants and recipients. The staff determines eligibility and entitlements based on this data. These three programs cost $36,962 million to administer and made payments to 44.3 million individuals in FY '82.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

There is no centralized data base to determine eligibility for public assistance for these programs. Income and asset information is not uniformly defined, and there are separately-formatted application forms for each program. Record keeping is not well-organized. Verification of information, needs-determination, notice and check processing, reporting requirements, and references to benefits from other programs, are often performed manually.

While Federal incentives exist for states to automate welfare data in the form of higher matching rates for start-up costs and operating costs of automation efforts, each agency has its level of reimbursement authorized by separate legislation. Previous proposals to standardize, centralize, and integrate the programs have met heavy objection from Congress and special interest groups.

As a result of the current method of operation, there are duplicate and erroneous payments made to beneficiaries, and extensive staff time is being spent on separate programs that require examination of the same or similar data and interview procedures.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Low Income Standards & Benefits

ISSUE No./TITLE: LISAB 7: Supplemental Security Income Program

DEPARTMENT/PROGRAM: SSA

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 71 (R)

THREE-YEAR SAVINGS ($ millions): $797.7 (S) (III: Info plus)

FUNCTION/CATEGORY: Program

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

Under the SSI program, each eligible aged or disabled person (old age, blind, permanently and totally disabled) living in his/her own household is provided a monthly cash payment that is sufficient, when added to countable income, to bring total monthly income up to a specified level. The Federal monthly payment amount is determined by deducting countable income after exclusions from the applicable guaranteed levels (e.g., Social Security or other earned income). The cost of the program in FY '82 was $9.8 billion.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

To achieve its goal, SSA relies to a great degree on the recipient population or a representative payee reporting in a timely fashion information regarding any change in circumstances which may affect either the amount of payment or the continuation of eligibility for payments.

This program's eligibility criteria and precise benefit formula calculates an exact benefit for each recipient based on individual circumstances, creating a tremendous administrative burden, and, great reliance on recipients to report accurate data on time.

As a result, there are overpayments, requirements to repay, or loss of payments to recipients. The annual redetermination process has not been effective in reducing its error rates. Nearly half of the excess payments should have been determined but were not.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Low Income Standards & Benefits

ISSUE No./TITLE: LISAB 9: Medicaid Quality Control

DEPARTMENT/PROGRAM: Medicaid Quality Control

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 99 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Program

PROBLEM CLASSIFICATION: Analysis

BACKGROUND:

Medicaid is a jointly funded Federal and state program to pay for medical care for the poor. The Federal Government mandates a basic set of benefits, while states may cover an additional, optional set of services for which Federal matching funds are available. Medicaid Quality Control is a state-operated management system designed to reduce or eliminate erroneous payments. Progress is measured and validated by HCFA.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

There is a total time lapse of six months between the monthly sampling of cases for case eligibility identification and the determination of the dollar amount of services erroneously provided.

This procedure is thought to provide time to submit claims for services rendered during the sample month and for the states to process their claims.

As a result, this unnecessarily delays the flow of information to aid in the error identification process and therefore delays corrective action. The error rate in FY '81 was 4 percent, which cost $1.3 billion.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of the Navy

ISSUE No./TITLE: NAVY 8: Supply/Inventory Management

DEPARTMENT/PROGRAM: Navy

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 107

THREE-YEAR SAVINGS ($ millions): $200.0 (S)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

The Navy has two inventory control points for ship parts and aviation supplies which employ 5,400 civilians and 160 military staff. Together they handle over $2 billion in annual purchases and nearly 200,000 procurement actions per year. Stowed in many of the more than 35 supply rooms on a carrier are over 80,000 line items of ship and aviation parts, with a value exceeding $125 million. These items as well as other suppliies (totaling approximately 300,000 line items) are managed by the ship's Supply Department personnel. There are six Navy supply centers containing more than 2 million line items with a value of over $5 billion in warehouse facilities. The work force at the supply centers numbers approximately 9,000.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The Naval supply system is operating with inaccurate inventory records, unreliable management information, and atiquated, fragile, punched card and batch processing automated equipment, which iis costly to operate and does not permit user interaction.

A managerial problem stems from the practice of assigning inexperienced officers to supply centers as well as the lack of a cohesive program. To achieve management efficiency the Navy has inadequate accountability and inventory controls.

As a result the current procedures are error prone, encourage costly omissions and do not enable the sophisticated analysis needed fortoday's high-failure/high-risk decision-making. Inventory losses are excessive ($133 million in FY 1980 and $330 million in FY 1981).

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of the Navy

ISSUE No./TITLE: NAVY 13: Aircraft Powerplant Maintenance Management

DEPARTMENT/PROGRAM: Navy: Maintenance Management, Planning and Scheduling

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 149

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Personnel

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

The maintenance of the Naval Aircraft Powerplant at the depot level was found by the PPSS Task Force not to conform with the state-of-the-art for similar activities in the air transport industry, and the maintenance management practices and processes were found not to be as effective as the industry's practice.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Program managers do not have daily shop performance data, i.e., manhours by engin/work center, material usage, etc. The present system of providing this essential information on a weekly basis is inadequate to promote efficiency and improve cost control. Identifying deficiencies and assessing accountability becomes pratically impossible. In the accessory maintenance management area, approximately 50 percent of all components received have no documentation identifying reasons for removal or time since last overhaul. The Navy's data collection system is a minimum of 90 days behind in posting commponent removal statistics. The lack of adequate component removal information dictates that the affected components be automatically overhauled. The cost of overhaul versus isolated repair requirements is obiviously an unnecessary expenditure. Further, an engine monitoring system, which is a necessary source of information to manage engine removals and to support increases in scheduled maintenance tasks, was not in use.

The problems are largely attributed to the organization where military management is superimposed over the civilian organization but exercises limited control or direction over processes. Program managers often do not have the authority to

initiate appropriate action. There is a notable lack of effective input of all responsible departments in the work planning process. There are no checks and balances exercised over decisions made by estimators and evaluators and cost and turn-around time results are not a consideration.

As a result, the work forces are not functioning together to reach efficiency goals, cost savings, or improved work methods. In general, practices and processes are ineffective and inefficient.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of the Navy

ISSUE No./TITLE: NAVY 13: Aircraft Powerplant Maintenance Management

DEPARTMENT/PROGRAM: Navy/Aircraft Powerpland Supply Support

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 149

THREE-YEAR SAVINGS ($ millions): $15.0 (S)

FUNCTION/CATEGORY: Facilities

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

The maintenance of the Naval Aircraft Powerplant at the depot level was found by the PPSS Task Force not to conform with the state-of-the-art for similar activities in the air transport industry, and the maintenance management practices and processes were found not to be effective as the industry's.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The inventory control system for components does not routinely review excess and obsolete material. Quality deficient components which are found not to meet receiving inspection standards and installation requirements are set aside without a responsive record tracking system. The component/material in question is stored and remains in a "black hole" for approximately 120 days. Further, disposition instructions from the Aviation Supply Office, repair vendors, and Navy Supply Centers are received on an erratic basis.

These problems stemm from the organizational difficulties and management structure which limits communications and cooperation.

As the result of the lack of inventory controls, parts and materials are carried in excess of planned usage, thus utilizing purchase dollars and storage space that coule be more beneficially used for other important procurement.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of the Navy

ISSUE No./TITLE: NAVY 15: Cash Deposits

DEPARTMENT/PROGRAM: Navy Finance Centers

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 159

THREE-YEAR SAVINGS ($ millions): $10.0 (S) (I: INFO ALL)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

Cash is received and deposited by Navy Finance Centers. The amount of money received monthly appears to be substantial. Estimates range from approximately $400 million to over $500 million per month.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The Navy does not have the adequate accounting systems and practices necessary to assure fully accurate information on the source and amount of all monies received. Navy funds are often not deposited on the day received. Typically they are held until the required accounting can be completed. In come cases this takes several days to accomplish.

Receiving and holding checks until the accounting can be completed results in the risk of a loss of the check prior to deposit and a cost to the Government in the form of additional borrowing.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Personnel Management

ISSUE No./TITLE: PER I4: Duplication of Supervisory Training

DEPARTMENT/PROGRAM: OPM

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 170 (R)

THREE-YEAR SAVINGS ($ millions): $66.2 (S)

FUNCTION/CATEGORY: Personnel

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

The law does not specifically authorize OPM to prescribe the types and methods of intra-agency training or to regulate the details of intra-agency training programs. It does, however, authorize the issuance of regulations containing the standards and principles under which intra-agency training programs are to operate. As a result, agencies are duplicating efforts in the design, development, and delivery of generic supervisory and management level training programs. Many of these programs are very similiar in course content and training approaches both among agencies and between agencies and OPM.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

No one in The Federal Government knows much in total is being spent on training. The reason is that training costs are not adequately recorded and little systematic budget collection is undertaken. Each agency makes its own decision whether or not to collect training costs data. Without this data, evaluation and improvement in the area of training is all but impossible.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Personnel Management

ISSUE No./TITLE: PER 18: Workforce Planning

DEPARTMENT/PROGRAM: OPM and OMB

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 194 (R)

THREE-YEAR SAVINGS ($ millions): NO

FUNCTION/CATEGORY: Personnel

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

The Federal workforce (Executive agencies except the U.S. Postal Service) consists of more than 2 million employees receiving direct compensation of over $66 billion as of 1983. The U.S. Office of Personnel Management (OPM) is an independent agency overseeing the execution and administration of laws, rules, and regulations governing the Civil Service. OPM has a staff of about 5,000 and an operating budget of $157 million.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Information regarding agency workforce needs is limited in its credibility. Present emphasis is on personnel ceilings (headcount) control rather than human resource planning and its relation to budget dollar control.

The limited capability of the agencies to provide reliable information on their workforce needs to the Administration and Congress is the result of the absence of a uniform workforce planning system. Though OPM and the Office of Management and Budget recognize the problem, no real organized initiatives have encouraged the agencies to better plan their workforce needs.

As a result, sound decision making on human resource programs and policies is limited. With the cost of salary and fringe benefits for Federal employees at $90 billion in 1981, a functional workforce planning program should result in cost reductions resulting from better use of human resources.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Personnel Management

ISSUE No./TITLE: Issue for Further Study 2: Compensation and Benefit Costs for the Civilian Workforce of the Executive Branch

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 224 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Personnel

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

In FY 1982, the total Federal civilian employment (excluding the Postal Service) was approximately 2.1 million with salary costs of $63.6 billion. In FY 1981, agencies recognized total compensation costs equal to 127.82 percent of gross payroll, although payments from all Government sources were 165.28 percent.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Agencies use inaccurate information as the basis for determining personnel costs. Costs are generally understated, due to the lack of use of a comprehensive and standard definition for employee benefits.

As a result, the information provided to decision-makers has [illegible] adverse impact on budget matters, the direction of management attention, the analysis of increasing costs, decisions [illegible] contracting out, and cost comparisons to the private [illegible]

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Privatization

ISSUE No./TITLE: PRIVATE 5: Commissary Operations

DEPARTMENT/PROGRAM: DOD

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 129 (R)

THREE-YEAR SAVINGS ($ millions): $2,064.0 (S), $383.2 (R)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICAION: Quality

BACKGROUND:

DoD operates a world-wide commissary system which has 358 stores, 24,772 employees, and annual sales of more than $4.2 billion.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Actual operating costs of the commissary system are difficult to compute because a number of indirect costs are not charged to the system. These unreported or "hidden" costs are generally paid from funds appropriated for the operation of the base or support organization at which the commissary store is located. These hidden costs include maintenance of personnel files, procurement services, contract negotiation, computer operations, garbage collection, autovon telephones, and motor pools.

PPSSCC ISSUE SUMMARY: INFORMATON GAP:

TASK FORCE REPORT: Privatization

ISSUE No./TITLE: PRIVATE 7: Federal Vehicle Fleet Management

DEPARTMENT/PROGRAM: Government-Wide

PAGE REFERENCE [REPORT (5)/APPENDIX (A)]: 164 (R)

THREE-YEAR SAVINGS ($ millions): $399.8 (S)

FUNCTION/CATEGORY: Support Services

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

The Federal Government operates approximately 436,000 motor vehicles at a cost in excess of $1 billion annually.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Overall cost and utilization data are not centrally available to permit accurate evaluation of total fleet operations and costs.

For example, vehicle years of operations statistics indicate that if 1000 vehicles are available for operation only ten months of the year, then ten-twelfths of 1000 or 833.3 vehicle years of operation are reported.

The number of vehicle years will be equal to or less than the number of vehicles in the fleet. Thus, any comparison of miles per vehicle year will overstate total fleet utilization.

This misleading statistical comparison results in higher appropriations than needed for maintenance and acquisition costs.

PPSSCC ISSUE SUMMARY: INFORMATION GAP:

TASK FORCE REPORT: Procurement

ISSUE No./TITLE: PROC 8: Cost Estimating and Scheduling

DEPARTMENT/PROGRAM: DOD

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 57 (R)

THREE-YEAR SAVINGS ($ millions): $2,940.0 (S)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

Cost estimates and schedules for major weapons system are of dubious accuracy. The March 1982 DoD Selected Acquisition Report cost summary on 42 major weapons systems acquisition programs showed an average cost overrun of about 150.7 percent from the Milestone II (Program Go-Ahead) estimates for the programs.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The consequences of inaccurate estimates are program instability and reprogramming, as well as loss of credibility with the Congress, media, and public.

Our source of inaccurate estimates is the contingency, or management reserve, which is not shown as a line item in estimates. Program estimates typically contain management reserve which DOD feels is necessary to allow for estimating error and for risks to the program and technical changes which are undefined but experience has shown will take place.

This reserve is buried in various parts of the estimate and not identified on a line item for fear that it will be considered "fat" and eliminated during the budgeting process.

This practice leads to misleading estimates and hampers efforts at cost control.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Procurement

ISSUE No./TITLE: PROC 10: Economic Order Quantity System

DEPARTMENT/PROGRAM: DOD, GSA/FSS

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 73 (R)

THREE-YEAR SAVINGS ($ million): $4,540.0 (S)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: ADP

CKGROUND:

The value of the repairable and consumable inventories in the Government is approximately $40 billion.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Purchasing costs and inventory carrying costs are not adjusted regularly to correct and current levels.

The accuracy of demand forecasting is poor due to a lack of reliable data and the inability of computer systems to handle modern forecasting methods.

These problems result in excessive inventory levels and, therefore, higher costs to the Government.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Procurement

ISSUE No./TITLE: PROC 12: Physical Inventory Taking

DEPARTMENT/PROGRAM: DOD

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 82-83 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Material

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

Each Military Service and the Defense Logistics Agency are responsible for taking periodic physical inventories of the $40 billion worth of goods in the DOD supply system.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

DOD does not utilize the preferred private sector system of inventories, called "Wall to Wall." Thus, the quantity count may be inadvertantly misstated during the inventory process.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Procurement

ISSUE No./TITLE: PROC 19: Consideration of Contract Performance In Making Procurement Awards

DEPARTMENT/PROGRAM: Government-Wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 120 (R)

THREE-YEAR SAVINGS ($ millions): $97.0 (S)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

Repeat business with unsatisfactory vendors is termed a significant problem by procurement and contract management personnel.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The problem of repeat business over time is compounded by a failure to use Government-Wide (or even agency-wide) performance data. Contractors with poor performance records in one agency - sometimes even vendors that have been suspended - may be awarded contracts by other agencies.

Basically, there is a lack of adequate storage and accessability to vendor experience data.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Real Property Management

ISSUE No./TITLE: PROP 1: Improved Management Focus and Technique

DEPARTMENT/PROGRAM: Government-wide/GSA and DOD Management

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 9 (R)

THREE-YEAR SAVINGS ($ millions): $61.9 (S) (I: Info all)

FUNCTION/CATEGORY: Facilities

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

In 1980, it was reported that the Federal Government owned 744 million acres valued at $104 billion, of which $42 billion was in buildings, $52 billion in structures, and $10 billion in land. The Task Force concerned itself only with buildings and military bases. The General Services Administration's (GSA) Public Building Service (PBS) is responsible for acquiring, operating and maintaining real properties and general office facilities for most of the departments and agencies of the U.S. Government, while DOD manages Government military bases.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

There is a lack of internally generated, reliable management information on space assignments, intensity of space utilization, vacancy rates, and rental rates for GSA-controlled space. There is a lack of cooperation between tenant agencies and GSA/PBS. Appropriate computer systems to maintain the above information effectively are also lacking.

This is due to the absence of an overall mission in managing the real property of the Federal Government. Without a clear and concise goal, policy execution, delineation of responsibilities, and performance monitoring cannot be carried out efficiently.

As a result, GSA cannot effectively manage Government-owned buildings since it has no way of establishing how much space is available for occupancy.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Real Property Management

ISSUE No./TITLE: PROP 2: Meeting Office-Space Utilization Goals

DEPARTMENT/PROGRAM: Government-wide, Managed by GSA

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 22 (R)

THREE-YEAR SAVINGS ($ millions): $234.4 (S) (I: Info all)

FUNCTION/CATEGORY: Facilities

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

Federal agencies and departments occupying space in buildings managed by the General Services Administration (GSA) pay user charges based on comparable commercial rates. These payments provide a fund for financing GSA's acquisition and operation of Government-owned and leased buildings. The system of assessing space-charges against each Federal agency is about 10 years old. Federal space utilization has not improved significantly in the last five years.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Until recently, the Office of Management and Budget (OMB) required each Federal agency to include full data on personnel space utilization in its budget presentations, but this submission is now voluntary. GSA is supposed to perform periodic space utilization surveys and inspections, but recent reports by the General Accounting Office and the Office of the Inspector General indicate that these surveys are not taking place on any regular basis. In addition, the information available to GSA on space-utilization is said to contain numerous inaccuracies.

This is due to the fact that OMB has made voluntary the full submission of space utilization data and that agencies do not set specific targets regarding allotment of office space per employee by location.

As a result, incentives for improving space utilization have decreased as have planning capabilities. Where space surveys are being performed, they are not being used to their fullest possible potential.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Real Property Management

ISSUE No./TITLE: PROP 6: Making In-House Maintenance More Productive

DEPARTMENT/PROGRAM: Government-wide (mostly DOD & GSA)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 58 (R)

THREE-YEAR SAVINGS ($ millions): $1,125.4 (S) (III: Info plus)

FUNCTION/CATEGORY: Personnel

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

The real property maintenance budget for the Federal Government in FY 1983 is $3.5 billion. Government-wide productivity in carrying out in-house maintenance is only 40-45 percent. Anything less than 50 percent, however, is below the "low" range by private sector standards; the private sector usually achieves 60-65 percent productivity in this area. There is generally poor planning, estimating and scheduling and lack of incentives.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Information on performance is lacking. Performance indices are not calculated and brought to the attention of managers. Though an Engineered Performance Standard (EPS) system is now in place, it is too complex and is not, in practice, applied to improving maintenance productivity. Simplification of the use of the information now collected, and heightened awareness of the problems, would improve the situation.

There is a lack of motivation and incentives for managers to improve productivity, since neither rewards nor penalties are associated with their jobs.

As a result, productivity could be better monitored and improved, through a better system for collecting, reporting, and utilizing the data sampled.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Real Property Management

ISSUE No./TITLE: PROP 7: Reducing Energy Costs in Government-Controlled Buildings

DEPARTMENT/PROGRAM: GSA and DOD

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 63 (R)

THREE-YEAR SAVINGS ($ millions): $385.1 (S) (I: Info all)

FUNCTION/CATEGORY: Facilities

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

During FY 1983, the General Services Administration (GSA) expects to pay out approximately $300 million in utility and fuel bills, of which $225 million will be in direct payments from its own budgets and the rest will be in reimbursements by tenants. Forty percent of GSA utility expenditures are in the National Capital Region (NCR). In FY 1982, electric bills were 65 percent, and steam bills for space heat were 29 percent of all energy costs. The total utility budget for the Army, Navy, and Air Force for FY 1983 is $2.56 million.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

In the five-plant system that provides steam for GSA's NCR, fuel-input and operating statistics are not maintained for individual units and data is not available for the purpose of making economic analyses of the system on a continuous basis. Quantity and quality of fuel inputs, reliability statistics, steam output data, and steam delivery to each building are not collected.

GSA has no Energy Management Control System (EMCS), which the private sector uses widely. Such an electronic data processing system manages the energy resources for a building or a complex. An EMCS would monitor, collect and process data such as temperatures, equipment states, and the rate of energy consumption and would display it at a central location. From this information, evaluation of current operations as well as alternatives can be considered, to determine optimum operation.

Much of these GSA-related problems are due to the fact that its current management views its role strictly as being responsible for "keeping the heat on" in the NCR.

(CONTINUED ON NEXT PAGE)

As a result, cost control is not a high priority. Excess capacity exists and utilization is not optimized. Economic analyses and planning for Federal utilities and personnel to operate them thus become difficult, if not impossible, tasks.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Real Property Management

ISSUE No./TITLE: PROP 8: Revision of GSA's Policies and Procedures Regarding Leasing and Acquisition

DEPARTMENT/PROGRAM: GSA

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 83 (R)

THREE-YEAR SAVINGS ($ millions): $144.5 (S) (III: Info plus)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

The General Services Administration (GSA) has extensive authority to obtain office space by lease. As of September 30, 1982, GSA leases included approximately 83 million square feet, housing approximately 400,000 Federal employees. Associated costs for FY 1983 were $770 million, and this figure is expected to reach $1 billion by FY 1985.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

GSA's publication of summary information on leasing is slow, and as much as half of what it reports about space occupancy by various agencies may be inaccurate. The data published by GSA and presented to Congress does not agree with GSA's Public Building Service Management plans and is therefore highly unreliable.

This is due to the fact that GSA's performance in leasing space to satisfy Government agencies' needs is bound closely by its own regulations, and also by Congressional and Executive requirements, which produce delays and higher costs in many ways. The high turnover rate among GSA's realty specialists is thought to hamper collection of timely and accurate information.

As a result of such information inadequacies, GSA is unable to effectively manage its leases and acquisitions.

PPSSCC ISSUE SUMMARY: INFORMATION

TASK FORCE REPORT: Research and Development

ISSUE No./TITLE: R&D 6: Research Program Reporting

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 109 (R)

THREE-YEAR SAVINGS ($ millions): $225.5 (S)

FUNCTION/CATEGORY: Support Services

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

It is estimated that in FY 1983 the Federal Government will spend $43.0 billion on R&D projects conducted by the Federal Government, industrial firms, universities and colleges, and nonprofit institutions (excluding $1.3 billion expenditures on R&D facilities). Numerous areas of R&D involve more than one agency or multiple subdivisions of a single agency. For example, there are 22 independent agencies and Executive agency subdivisions involved in chemistry-related research at a funding level of $532.8 million for FY 1983.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Currently, there is no central data base capable of providing ready access to all unclassified, new, ongoing, and completed Federally funded R&D. The National Technical Information Service (NTIS) data base currently does not contain records of ongoing Federally funded R&D and only limited records of such projects are expected to be available through commercial vendors in the foreseeable future. In addition, the NTIS data base of completed R&D projects is not comprehensive. A GAO survey of Federal agencies revealed that only 64 percent of the respondent agencies submitted completed R&D project reports to the NTIS data base.

It is currently not possible for an agency to recover information formally and comprehensively from programs of other agencies until publications are made. Some agencies, such as DOD, do not make R&D project information publicly available for reasons of national security. In others, publication usually takes a year or more.

INFORMATION GAP (R&D 6 CONT'D)

Some agencies, such as DOD's Defense Technical Information Center and the Environmental Protection Agency's Office of Toxic Integration, maintain their own R&D project information data bases. However, these are only agency-specific systems without interface to other agency and NTIS data bases.

Federal Government research managers are concerned that there is no central source of information from which knowledge gained during previously conducted, Federally funded programs is available. As a result, new projects are often started in various agencies without the benefit of experience gained in similar studies conducted elsewhere.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of State

ISSUE No./TITLE: STATE 3: Office of Foreign Buildings

DEPARTMENT/PROGRAM: Office of Foreign Buildings (FBO)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 33 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Identification

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

FBO is responsible for the acquisition, maintenance, and disposal of real property holdings, and leases in excess of ten years, for U.S. diplomatic and consular posts throughout the world.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

FBO does not have a comprehensive real property management information system. FBO's inventory of property holdings is not complete, and there is no accurate inventory of furniture and furnishings at U.S. diplomatic and consular posts.

The absence of a complete information data base limits management's capacity to make informed, critical decisions relating to:

- lease versus purchase alternatives;
- preparation of an efficient maintenance program;
- timely identification of cost overruns;
- costing savings due to construction redesign;
- monitoring achievement of construction milestones;
- "red-flagging" potential construction delay; and
- justification of budget appropriations.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of State

ISSUE No./TITLE: STATE 3: Office of Foreign Buildings

DEPARTMENT/PROGRAM: Office of Foreign Buildings (FBO)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 33 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

FBO is responsible for the acquisition, maintenance, and disposal of real property holdings, and leases in excess of ten years, for U.S. diplomatic and consular posts throughout the world.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The present financial management system does not provide the necessary financial information to identify all costs associated with the operations of individual buildings.

FBO is unable to compile the aggregate information for all buildings as well. Thus, FBO bases its budgetary decisions upon incomplete facts.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of State

ISSUE No./TITLE: STATE 4: Purchase of Foreign Currencies

DEPARTMENT/PROGRAM: Department-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 41 (R)

THREE-YEAR SAVINGS ($ millions): $17.1 (S)

FUNCTION/CATEGORY: Identification

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

The United States buys foreign currencies for payment of operating expenses in other countries, including salaries of foreign nationals, contractual services, rent, supplies, and travel. DOS foreign currency disbursements totaled approximately $488 million in FY 1982.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

No system exists for forecasting and reporting foreign currency expenditures. There is no system of gathering data on foreign currency expenditures and matching them with the budgeted information to determine the effects of foreign currency fluctuations.

Thus, DOS will experience huge budget fluctuations and continue to suffer foreign currency losses.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of State

ISSUE No./TITLE: STATE 4: Purchase of Foreign Currencies

DEPARTMENT/PROGRAM: Department-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 41 (R)

THREE-YEAR SAVINGS ($ millions): $17.1 (S)

FUNCTION/CATEGORY: Identification

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

The United States buys foreign currencies for payment of operating expenses in other countries, including salaries of foreign nationals, contractual services, rents, supplies, and travel. DOS foreign currency disbursements totaled approximately $488 million in FY 1982.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

No studies on foreign currency hedging exist. The GAO studies that have been published to date are directed at government procedures for buying foreign currencies and have not addressed the subject of hedging.

DOS cannot accurately forecast its foreign currency obligations and purchases. This leads to mismanagement and unplanned budgetary fluctuations.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of State

ISSUE No./TITLE: STATE 5: Bureau for Refugee Programs (BRP)

DEPARTMENT/PROGRAM: Refugee Transportation Loan Program

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 50 (R)

THREE-YEAR SAVINGS ($ millions): $8.7 (S), 55.9 (CA)

FUNCTION/CATEGORY: Identification

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

BRP's FY 1983 budget is approximately $419 million. The FY 1983 budget contains an allocation of $67 million to replenish a transportation loan fund administered by the International Committee for Migration. (ICM).

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

BRP cannot recover much of the monies it contributes to ICM because of the absence of refugee tracking systems. In fact, actual cost data on total refugee costs to the U.S. Government are not available.

Indeed, the actual transportation loan collection rate is 8.81 percent based on the total outstanding balance, as of June 30, 1982. An outstanding receivables balance of $165 million existed at that time.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Transportation

ISSUE No./TITLE: TRANS 3: Grant Management and Control in the Urban Mass Transportaion Administration (UMTA)

DEPARTMENT/PROGRAM: UMTA

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 69-72 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Financial

PROBLLEM CLASSIFICATION: ADP

BACKGROUND:

Weaknesses in accounting and control systems make it impossible for the UMTA to close its books, collect on delinquent accounts or remit accurate payment.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The UMTA spent $10 million on a computer, yet has been unable to close its books since 1979. This agency has a FY 1983 operating authority of $3.4 billion and controls $25 billion in active, ongoing grants.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Transportation

ISSUE No./TITLE: TRANS 3: Grant Management and Control in the Urban Mass Transportation Administration (UMTA)

DEPARTMENT/PROGRAM: UMTA

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 69 (A)

THREE-YEAR SAVINGS ($ millions): $163.5 (S) (I: Info all)

FUNCTION/CATEGORY: Program

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

UMTA provides financial assistance to municipalities and transit authorities throughout the U.S., chiefly through grants. UMTA is essentially a grant-making agency that, in conjunction with the grants, manages the funding and implementation of mass transit projects. In FY 1982, 1,833 grants were issued, at a total dollar volume of $3.4 billion.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

UMTA lacks accurate, complete and current information for processing and monitoring grant applications, for accounting for apportionments, obligations and disbursements, and for developing budgetary and other reports to the Congress.

Such information is not generally available because the automated system that contains this data is not reliable as it does not display, update or utilize existing information. Consequently, the regions have implemented a manual recording system and do not input data into the computerized management information system.

As a result, neither system is accurate, consistent, reliable, or timely. This inadequacy of information is a primary cause of UMTA's violation of the Anti-Deficiency Statute, which results in grant overpayments and payments for ineligible expenses, and in funds lapsing unnecessarily, as well as in funds not being deobligated or reapportioned.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of Transportation

ISSUE No./TITLE: TRANS 5: Automated Data Processing Operators

DEPARTMENT/PROGRAM: Department of Transportation

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 94 (R)

THREE-YEAR SAVINGS ($ millions): $46.4 (S)

FUNCTION/CATEGORY: Materiel

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

In 1983 it will cost DOT $160 million to operate its ADP services connected with administrative systems. DOT has 170 data processing installation locations, 400 central processing units, and over 6000 pieces of equipment.

INFORMATION:

DOT does not have an effective monitor for gauging compliance to agency objectives for ADP projects, nor does it have current tools for applied systems analysis and design or department-wide data standards.

This lack of information hampers the development of an organized ADP system acquisition program.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of the Treasury

ISSUE No./TITLE: TREAS 1: Collection of Delinquent Taxes

DEPARTMENT/PROGRAM: Internal Revenue Service/Collection Division

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 4 (R)

THREE-YEAR SAVINGS ($ millions): $76.1 (S) (III: Info plus)

FUNCTION/CATEGORY: Personnel

PROBLEM CLASSIFICATION: ADP.

BACKGROUND:

The Collection Division of the IRS is responsible for collecting delinquent taxes and securing delinquent tax returns. As of June, 1982, the IRS estimated that its accounts receivable (A/R) backlog of delinquent taxes had grown to a record level of $23.2 billion.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Information concerning the effectiveness of various delinquency notices and account classification (i.e. according to age, collectibility, and other characteristics) is not available. Management generally lacks systems and controls that inventory the A/R, monitors records, monitors collection activity, measures employee efficiency, or produces management reports. Currently the function is overburdened by paper.

The problems relate to understaffing, and inefficient deployment of professional staff to other duties.

As a result, IRS's limited collection resources are not being effectively deployed and the collection of delinquent taxes is not expedited, resulting in loss of revenues and increased costs to the Government.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of the Treasury

ISSUE NO./TITLE: TREAS 2: Cost/Benefit of IRS Personnel Additions

DEPARTMENT/PROGRAM: Internal Revenue Service (IRS) Commissioner

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 21 (R)

THREE-YEAR SAVINGS ($ millions): NO

FUNCTION/CATEGORY: Personnel

PROBLEM CLASSIFICATION: ADP

BACKGROUND:

Personnel policies relative to the IRS staff additions are the responsibility of the IRS Commissioner. Recent trends reveal overall workload related to tax administration is on the rise. Yet, total employment in IRS has remained virtually unchanged. The effect of this trend has been a general decrease in enforcement presence. In response to these trends, IRS began a program known as the Revenue Initiative Proposal, which proposes adding personnel to its revenue-generating functions.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Current methodologies to determine the nature and amount of IRS personnel additions provides data that are inaccurate for cost/benefit analysis. There are inaccuracies, inconsistencies, and no system-wide comprehensive methodology to evaluate personnel additions. As a result, management is unable to judiciously evaluate alternative manpower procurement programs.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Department of the Treasury

ISSUE No./TITLE: Further Study

DEPARTMENT/PROGRAM: Bureau of the Mint

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 185 (R)

THREE-YEAR SAVINGS ($ millions): NQ

FUNCTION/CATEGORY: Facilities

PROBLEM CALSSIFICATION: ADP

BACKGROUND:

Bureau of the Mint cost accounting systems are manual and are oriented more toward tracking precious metals than identifying accurate manufacturing costs. The functions of the Mint are funded by six different procedures which require extensive, separate accounting systems. This hampers long-range planning.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The lack of accurate manufacturing costs makes it impossible to determine which manufacturing facility should be responsible for the production of various coins. The Mint should develop an automated cost accounting system immediately.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: User Charges

ISSUE No./TITLE: USER 1: User Charges Program Management

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 5 (R)

THREE-YEAR SAVINGS ($ millions): NO

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

The receipts from the conduct of market-oriented activity that are business-type transactions are called user charges. The PPSS Task Force considered user charges as any charge collected from recipients of Government goods, services, or other benefits which are not shared by the public and which provide a specific benefit to an identifiable recipient. In FY 1966, there were more than 1,500 user charge programs in the Federal Government. While no exact count can be found, there are about the same number today. The revenues from those programs are significant -- approximately $40 billion in FY 1981. The responsibility for user charge policy and implementation at the central Government level rests with OMB.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

There is no published Government-wide report, survey, or accounting of user charges programs. The original annual reporting on user charge activities from the agencies to OMB was subsequently changed to five-year reports, and ultimately dropped completely in 1974. The accounting systems used within the agencies are unable to meet management needs: there is an inability to give credit or recognition for the collection of receipts, lack of clarity as to appropriate accounting methods, difficulty in determining the amount of funds available for program operation, difficulty in determining accountability for program performance, and inability to allocate between user charge business-type activities and general public purpose programs.

The existing budgetary accounting system acts as a disincentive for the efficient collection of user charge receipts. Budgetary restrictions provide few incentives for effective user charge program management within the agencies.

As a result, the Government does not set prices or manage receipts so as to maximize productivity, cost recovery, and program efficiency for the benefit of the users and the general taxpayers.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: User Charges

ISSUE No./TITLE: USER 4: National Park Service

DEPARTMENT/PROGRAM: Recreation

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 62 (R)

THREE-YEAR SAVINGS ($ millions): $99.3 (R) (III: Info plus)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

The National Park Service (NPS) manages 74 million acres in the United States providing recreational facilities at over 300 parks. Entrance fees are charged at 64 of the parks, and at most of the parks user fee and special permit fees are collected. In 1982, the total appropriations for the NPS were $602.2 million, of which approximately $473.7 million was for the operation of the NPS park management activities. Over $176 million was for the operation of parks charging fees. Total receipts in FY 1981 were $16.15 million, or 10 percent of the total operating budget.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE

The NPS does not know with certainty the costs of collection of their fees. Most of the area offices of the NPS estimate these statistics because there is no separate accounting code dedicated to collection costs. The NPS does not maintain statistics on costs of construction of recreation facilities or other capital expenditures. Such items as sewers, roads, visitors centers and other projects which require multi-year planning and design work are accounted for under a separate construction account. Finally, the expenses of operation and maintenance of ten regional offices of the NPS and of the National Office are not included in any cost categories in the accounting structure for recreation management. There is considerable Congressional pressure to keep fees at the parks low, as well as from fishing and hunting groups. There is little incentive to closely track costs involved with park administration when the level of fees is dictated.

As a result, NPS lacks the information for devising a rational system of user fees. Consequently, the general taxpayer is paying for a major portion of the expenditures involved in providing recreational facilities in the NPS.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: User Charges

ISSUE No./TITLE: USER 8: Department of Agriculture Forest Service Firewood Program

DEPARTMENT/PROGRAM: Forest Service (FS) Firewood Program

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 103 (R)

THREE-YEAR SAVINGS ($ millions): $63.6 (R)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

Prior to 1974, only those persons living on or near forest banks could obtain a permit to participate in the free use firewood program. The energy crisis prompted FS to provide free use permits to anyone, regardless of where they lived, as long as the wood they cut was for personal use. In FY 1981, over 900,000 permits were issued, allowing removal of some 4.2 million cords of wood. FS estimates that in excess of $5 million per year is needed to administer the program.

INFORMATION GAP PROB[illegible]/CA[illegible]SE/CONSEQUENCE:

Management systems do not exist that will track the cost of administering the firewood program. There is no accountability for costs as related to revenues or program benefits. Further, there is not sufficient information to determine the real value of the wood being removed.

This is considered a "small" program and therefore the cost to implement management controls is considered unwarranted. Further, administration and management is fragmented between the national FS timber management office and operational field offices.

As a result [illegible]here is no control mechanism to establish a fee system that [illegible] allocate supply to demand or relieve the taxpayer of the cost of administering the program.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: User Charges

ISSUE No./TITLE: USER 17: Freedom of Information Requests

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 183 (R)

THREE-YEAR SAVINGS ($ millions): $231.7 (R) (I: Info all)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

The Freedom of Information Act (FOIA) is a Government-wide statute allowing the public to request information from the Government. When a request is made that is considered of general public interest, no charge is made. When there is a charge, it covers only the low cost of the search time and copying. Agencies do not generally charge other Federal agencies, legislative committees, and subcommittees for requests that total $10 or less, requests for which no information is available, requests on which information is withheld, and other types of services.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

No exact figures are available to determine the number of agencies FOIA requests that have a fee assessed and collected. Therefore, it is impossible to determine the actual costs to any agency to process FOIA requests per staff-hour.

There is no cost accounting management system to provide the agency with a reliable fee recovery system because the agency tends to handle FOIA requests as an adjunct to its regular business. Further, requesting information from Government agencies is seen as a valuable right of individuals, and charges are made as an "afterthought." However, it has been determined that the practice of requesting FOIA material has become part of regular market research, and industry is taking advantage of Government resources to obtain information that is of economic benefit to them.

As a result, agencies are not recovering the costs for fulfilling FOIA requests and an average of 92 percent of the costs of the FOIA activity is subsidized by the taxpayer. There are service companies in the business of filing FOIA requests on behalf of clients who charge fees that are frequently three to four times the cost charged by Government agencies.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Veterans Administration

ISSUE No./TITLE: VA 1: Claims Processing

DEPARTMENT/PROGRAM: Department of Veterans Benefits (DVB)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 9 (R)

THREE-YEAR SAVINGS ($ millions): $271.7 (S) (I: Info all)

FUNCTION/CATEGORY: Personnel

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

The VA's DVB will disburse $15 billion in benefits to six million claimants in FY 1983. The benefit payments include those for: compensation, pension, educational assistance, vocational rehabilitation, survivor, and burial benefits. The claims are processed through a network of 58 field stations, staffed by a total of 14,150 employees, as of FY 1982. Actual processing takes from 25 to 40 days, compared to comparable private sector processing time of four days.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

The DVB has a work measurement system designed to evaluate performance, describe workflow, and forecast field station staffing needs. This system generates inaccurate data that masks the current level of overstaffing in the field stations.

This inadequacy is due to the faulty methodology used in measuring productivity and effectiveness: the DVB uses a crude, random time sampling approach, and adds 15 percent for non-productive time, rather than the private sector allowance of 5 to 10 percent. Further, the VA does not use the data to evaluate personnel staffing levels or project future personnel requirements. The current data is used merely to compare performance among field stations and monitor the range of productivity within a 65-92 percent acceptable level.

As a result, productivity in the field stations is low, timeliness in the processing of claims has declined, and the offices are overstaffed. Management controls necessary to maximize output of existing field station personnel do not exist.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Veterans Administration (VA)

ISSUE No./ TITLE: VA 2: Error Prevention

DEPARTMENT/PROGRAM: Department of Veterans Benefit (DVB)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 21 (R)

THREE-YEAR SAVINGS ($ millions): $1,484.5 (S)

FUNCTION/CATEGORY: Program

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

The VA's Department of Veterans Benefit pays out $15 billion annually to six million claimants. There is every indication that overpayments resulting from currently identified errors are large -- in excess of $500 million.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

There is no comprehensive information on the error problem. The VA has no basis for knowing the accuracy of the $15 billion paid annually as benefits to veterans and their survivors. Necessary data to assess the accuracy of the benefit payments does not exist

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Veterans Administration

ISSUE No./TITLE: VA 3: Debt Collection

DEPARTMENT/PROGRAM: Department of Veterans Benefits (VB)

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 31 (R)

THREE-YEAR SAVINGS ($ millions): $ 53.9 (S) (III: Info plus)
$208.0 (CA)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Quality

BACKGROUND:

The VA operates systems to pay $15 billion in benefits to six million veterans and their survivors in six program areas. When overpayments are recognized, an accounts receivable field is created. As of September 1982, the VA had accounts receivable of $905 million. Of that amount, $695 million was in overpayments, and $210 million was from defaults on loan guarantees. New establishments ($460 million) were greater than the collection of funds ($348 million).

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE

Accurate information regarding the value and status of the debt owed the VA is not produced. For example, two reports covering the same period showed discrepancies in accounts receivable of 861 accounts and a value of $1.2 million. Even when the discrepancies were explained, they could not be confirmed for accuracy. The current reports being generated do not define the problems, do not accurately reflect the real situation, and do not show accomplishments.

This is attributed primarily to the accounting practices used: the definition of accounts receivable includes all debt of the VA; an enormous amount of "old debt" is retained on the books, a large portion of which will never be collected; and there is a delay in recognition of the debt.

As a result, confusion exists in reporting and management. The debt collection problem is masked and creates a burden for the debt collection activity, and the recovery rate is low.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: MOSIR I: Publishing, Printing, Reproduction & Audiovisual

ISSUE No./TITLE: PPAV 1: Publications Management

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 10 (R)

THREE-YEAR SAVINGS ($ millions): $331.0 (S) (III: Info plus)

FUNCTION/CATEGORY: Support Services

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

Every department or agency of the Federal Government is involved with the publishing of written and printed material for public distribution or internal use. Total costs of this activity are thought to be $1.716 million on upwards of 15,000 publications per year, though no exact number is known.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Agencies have no centralized inventory of publications produced or in circulation. There is no process to review and approve the issuance of new publications at a central level. No standards for quality control exist.

This is mostly due to the fact that a "publisher function" is neither defined nor fulfilled. There is no job description in the Government to satisfy the role of a publisher, as used in the private sector, who would decide to publish, target the audience, control the quality, and set the price of a publication.

As a result, there are many duplicative and unnecessary publications being produced, many of poor quality, at great cost to the taxpayer.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: MOSIR I: Publishing, Printing, Reproduction and Audiovisual

ISSUE No./TITLE: PPAV 2: User Fees

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 20 (R)

THREE-YEAR SAVINGS ($ millions): $264.8 (R) (I: Info all)

FUNCTION/CATEGORY: Financial

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

Federal Government agencies offer some publications for free distribution, and others for sale. The Government Printing Office (GPO), a legislative branch agency, sets the price of all agency publications it sells, and all revenues go into the GPO revolving fund. By law, GPO has the exclusive right to set publications charges. This leaves agencies to bear most of the costs of publications, while the sales revenues go to GPO. The prices are set on the basis of a formula (printing costs plus 50 percent) that does not include editing and design work, nor does it recognize market considerations.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Agencies have no cost accounting structure that would permit the accurate tracking of all costs associated with publishing.

This void is thought to have resulted because under the current law, GPO reserves the exclusive right to set publication prices and collect sales revenues. Thus, the agencies lack incentive to establish a system for tracking actual costs.

As a result, there is no basis on which to develop a rational system of user fees. The total unrecovered cost of agency publication programs in FY 1982 was approximately $1.3 billion.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: MOSIR I: Publishing, Printing, Reproduction, and Audiovisual

ISSUE No./TITLE: PPAV 4: Mail Management Improvement

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 36 (R)

THREE-YEAR SAVINGS ($ millions): $549.5 (S) (I: Info all)

FUNCTION/CATEGORY: Support Services

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

Postage fees for Federal mail were $900 million in FY 1982. Personnel, space, and other costs of handling Government mail exceed the postal charges. Private delivery services are also used, and estimated to exceed $100 million per year. The General Services Administration has estimated that 10 percent of the mail operations costs are wasted, due to ineffective mail management and uneconomical mailing practices.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Systems for maintaining Federal postal accountability do not exist. The extent of total Federal postage and mail-related expenditures is not known. The information on mailing procedures and standards is neither documented nor widely disseminated.

The responsibility and authority for mail management are not clearly defined. There is no accountability, monitoring, or follow-up on this activity against a budget line item.

As a result, there has been waste of Government funds through various uneconomic practices such as the unnecessary use of higher mail classifications, uneconomical packaging, and failure to use bulk mail discounts.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: MOSIR I: Publishing, Printing, Reproduction and Audiovisual

ISSUE No./TITLE: PPAV 5: Improvements to Printing Production

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 41 (R)

THREE-YEAR SAVINGS ($ millions): $158.9 (S) (III: Info plus)

FUNCTION/CATEGORY: Facilities

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

Executive Branch departments operate some 235 printing plants, at a cost of $191 million in FY 1982. Most plants produce work originating within the agency, administrative in nature, short-run in quantity, and needed for quick turn-around or security purposes. These plants are authorized and regulated by the Joint Committee on Printing (JCP), a legislative authority.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Information on the utilization of plants, presses, and staff versus existing capacities is not known. It is not maintained by the JCP or any other source. While the JCP regularly collects information from the plants on quantity produced and price, the forms are outdated and do not identify factors that would be necessary for performance evaluation. Once the data is in, it is maintained in hard copy. Computer storage was recently implemented, but for only two years of data. Furthermore, it is not easily accessible for retrieving the information in a useful form.

This situation has developed because of the bifurcated management structure between the JCP, a small Congressional committee, and the delegation of certain authority to the agencies. Lines of responsibility and authority have not been clear.

As a result, numerous inefficiencies have resulted: plants continue to operate with excess capacity, low equipment utilization, and low quality equipment with frequent breakdowns, all of which contribute to the excessively high costs of printing -- nearly 30 percent higher -- to produce in these plants as compared to commercial printers.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: MOSIR I: Publishing, Printing, Reproduction and Audiovisual

ISSUE No./TITLE: PPAV 6: Copying and Duplicating

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 58 (R)

THREE-YEAR SAVINGS ($ millions): $327.7 (S) (I: Info all)

FUNCTION/CATEGORY: Support Services

PROBLEM CLASSIFICATION: Identification

BACKGROUND:

The Executive Branch of the Government has over 65,000 copiers and duplicators in use, and is spending an estimated $650 million for their acquisition and use. Copying and duplicating is thought to be the fastest expanding method of printing production in the Government.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

There is currently no information collected or maintained, at any official level, on copying and duplicating equipment, volume of production, or costs. There is a lack of budgetary accountability for this expense.

This situation has developed because copying is generally viewed as a negligible administrative expense. Further, the recent advances in copying technology have blurred the distinctions between printing, duplicating, and copying equipment. Thus, the once-well-defined universe of central management over "printing" equipment, by the Joint Committee on Printing, has become less clear.

As a result, this has become the fastest growing and least-supervised area of printing production. Copying and duplicating management practices, particularly in the acquisition area, are often uneconomic. Where two agencies have centralized the management of this area, significant savings have resulted.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Travel and Traffic Management (MOSIR II)

ISSUE No./TITLE: TTM 1: Federal Travel Procurement

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 3 (R)

THREE-YEAR SAVINGS ($ millions): $984.0 (S) (II: Info only)

FUNCTION/CATEGORY: Support Services

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

Virtually every department and agency in the Federal government is involved in personnel travel and transportation. In FY 1983 the government expects to spend approximately $5.2 billion on employee travel. About 45 percent of the Federal travel dollar is spent on transportation, about 39 percent on subsistence, and the remainder on miscellaneous items. Government travelers take more than 15 million trips each year. There are 6 agencies with major travel policy oversight responsibilities, including the GSA DCD. The government's annual expenditure for travel is far larger than that of the largest private sector organization.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Current information on publicly available travel services and rates are not readily available to government travel procurement professionals. They do not have information concerning, routes; rates; special, local and excursion discounts; local hotel or motel discounts; etc.

The decentralized structure of Federal travel procurement severely restricts the flow of information to the various agencies.

As a result, the government does not maximize its opportunities to a) take advantage of travel opportunities available at the lowest cost and optimum value in the market place and b) negotiate special additional volume discounts.

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INFORMATION GAP (TTM 1 CONT'D)

The Federal Government's travel volume gives it the leverage to negotiate the lowest available prices if such information is centrally gathered, organized, and applied in global contract negotiations. The present fragmentation of Federal travel procurement services is thus costly to the government.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Travel and Traffic Management (MOSIR II)

ISSUE No./TITLE: TTM 3: Traffic Management

DEPARTMENT/PROGRAM: Government-wide

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 37 (R)

THREE-YEAR SAVINGS ($ millions): $529.6 (S) (I: Info all)

FUNCTION/CATEGORY: Support Services

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

Traffic management in the Federal Government includes the rating and routing of more than 6 million shipments a year. In moving these shipments there are 4 to 6 thousand tenders filed on government freight movements and literally millions of rates and routes from which to choose. Government bills of lading alone number over 6.5 million annually. The Federal Government is one of the largest movers of freight in the world, significantly larger than the biggest private sector firms. During FY 1982, executive agencies spent $4.6 billion on the transportation of freight. Current freight procurement and traffic management procedures are neither uniform Government-wide nor integrated in operation. Primary responsibility for the transportation procurement and traffic management resides with 2 executive agencies: the Department of Defense and General Services Administration.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

Current government freight traffic management systems are not adequate to gather consolidated Government-wide shipping data in order to take advantage of the government's significant volume and frequency of traffic. The Government does not gather accurate and timely information on all shipments by all agencies. The current system does not allow for Government-wide gathering and consolidation of shipping information. The Government's traffic management system is not sufficiently automated to analyze and optimize transportation movements that reflect

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the complex and changing system of rates and routes. Information found on the government bills of lading is not used for traffic management. No attempts have been made to exploit this procurement information for the benefit of traffic officers. This information source identifies volumes, frequencies, carriers, service capabilities, and variances in traffic practices.

The Government's system for traffic management is decentralized. GSA and DOD are not cooperatively or jointly pursuing compatible automated solutions to gather, store, or utilize freight traffic information. Currently, they have no incentives to combine efforts.

Without centralized coordination, the Government cannot optimize the efficient flow of freight and take advantage of its size to obtain the lowest cost carrier service. In the absence of this information, the Government's ability to negotiate discounts with carriers presently serving the government is hampered. Conversely, the absence of consolidated information regarding total Government freight transportation requirements inhibits the offer of lower tenders or contracts by carriers who cannot be fully advised of available Government volumes.

PPSSCC ISSUE SUMMARY: INFORMATION GAP

TASK FORCE REPORT: Travel and Traffic Management (MOSIR II)

ISSUE No./TITLE: TTM 4: Transportation Audit

DEPARTMENT/PROGRAM: General Services Administration

PAGE REFERENCE [REPORT (R)/APPENDIX (A)]: 47 (R)

THREE-YEAR SAVINGS ($ millions): $165.2 (S) (I: Info all)

FUNCTION/CATEGORY: Support Services

PROBLEM CLASSIFICATION: Structure

BACKGROUND:

GSA is responsible for post-payment rate audits of freight bills and for recovering freight rate overcharges. GSA's Office of Transportation Audits employs approximately 110 rate auditors in a highly selective post-payment examination of freight bills. The examination occurs about 18 months after payment has been made. The budget assigned to administer and perform this audit function was $6.1 million in FY 1982. Overcharges on freight bills are common in both the government and the private sector. However, the government's identification rate is about one fifth of that of the private sector. GSA's rate overcharge recovery ratio is about 87 percent of overcharges identified or 0.32 percent of billings. This is compared to the private sector's experience of 1.75 percent.

INFORMATION GAP PROBLEM/CAUSE/CONSEQUENCE:

GSA does not know the total freight charges represented by the bills it receives for audit nor the total freight charges on the bills on which overcharges are identified. GSA records track the number of bills audited, the number of bills on which overcharges are detected, and the amount of overcharges identified. The records report the activities of the Office of Transportation Audits and compare results with previous periods. They do not track performance in absolute terms nor quantify overcharges as a percent of total freight charges.

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INFORMATION GAP (TTM 4 CONT'D)

This problem arises partially because GSA uses manual procedures to rate audit only a portion of the freight bills it receives. Further, GSA has no automated system for use in the storage or application of freight tariff data or freight bill auditing.

As a result, GSA cannot properly evaluate the performance of its rate audit activity. The Office of Transportation Audit evaluates the effectiveness and productivity of its rate audit activity only by making relative comparisons to its own past performance and not to any objective or private sector standard. As a result, government recovery of freight rate overcharges is very low compared with private sector experience and the government is not recovering a substantial amount in rate overcharges.

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