The Oversight of SMP, 1982-86

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OVERSIGHT INSTITUTIONS

In the executive branch, the Social Security Administration (SSA) is within the Department of Health and Human Services (DHHS), and like all agencies is subject to directives from the Office of Management and Budget (OMB). Information systems procurement and management receives additional oversight. GSA has final authority to purchase automated data-processing (ADP) equipment but can delegate purchasing authority to agencies. OMB is responsible for overall policy. The National Bureau of Standards provides technical resource support.

The principal congressional oversight bodies concerned with SSA are four House Committees and four Senate Committees. In the House these are the Committees on Appropriations, Ways and Means, Government Operations (sometimes called the Brooks Committee), and the Select Committee on Aging. The active Senate Committees in recent years have been the Committees on Finance, Appropriations, and Governmental Affairs, [1] and the Special Committee on Aging.

The 1965 act governing procurement of Federal ADP equipment (the Brooks Act) seeks to assure competitive and fair procurement, and sets forth central management responsibilities for ADP. The Brooks Act restricts the capability of an agency to carry out a sole source procurement for large systems (that is, to order a system from one vendor without competitive bidding). The agency must establish functional and technical requirements for the system or equipment it needs, and invite a large number of vendors to submit competitive bids satisfying those requirements.

The Competition in Contracting Act of 1984 seeks to strengthen the Brooks Act; among other provisions, it permits unsuccessful bidders to go to a Board of Contract Appeals, within GSA, which can suspend all procurement during the appeal. (SSA'S current telecommunications procurement is tied up by protests from potential vendors who thought that SSA'S specifications were unduly restrictive.)

In practice, the effect of the procurement process requirements has usually been to emphasize least initial costs rather than broader lifecycle concepts, which also include the costs of software, maintenance, and manpower. The initial hardware cost usually drives the procurement decisions.

Even before passage of the Competition in Contracting Act, the process of systems procurement was a lengthy one, as is almost any process involving formal procedures necessary to assure accountability and fairness. According to many Federal Information Resource Managers[2] this often results in a major system being far behind state of the art by the time it is installed. The Competition in Contracting Activities law has added a protest procedure, which some Federal procurement officers say can be abused to the detriment of orderly procurement procedures. SSA officials, for example, privately say that:

- vendors have protested procurements solely to damage the financial standing of the winner by delay[3];

[1] In 1985 the Senate Committee on Governmental Affairs and the House Committee on the Judicary, Subcommittee on Courts, Civil Liberties, and the Administration of Justice requested an OTA assessment of Federal Government Information Technology, which contained a series of three reports released in 1985 and 1986. The Senate Committee on Governmental Affairs subsequently requested this SSA case study, as an additional probe of the kinds of generic problems that had been identified in the earlier and broader assessment.

[2] Proceedings of an OTA Workshop on Federal Information Resources Management, September 1984.
[3] The winner of the contract award, may for example have immediately ordered equipment and material or engaged workers; even if the contract is likely to be upheld, that is, does not have to be recompleted, the contractor has suffered a cash drain that could threaten its financial stability.

- have withheld information about technological capabilities when potential responders were given opportunity to comment, prior to a formal request for proposals, only to protest subsequently that the specifications in the request for bids do not allow them to offer this improved capability;
- or have protested on the final day of the 45-day protest period in order to delay the process long enough to complete the development of their proposed system.

These tactics can delay a procurement for 8 months or more. Some States, to avoid similar problems, are requiring protesters to post bonds. There are many critics of Federal procurement procedures who maintain that they result in control of equipment purchases being separated from consideration or knowledge of the activity to which it will be applied, and sometimes add years to a major procurement. But the Brooks Committee has clearly been responsible for bringing rationality, professionalism, and accountability to Federal information systems procurement.

The effectiveness of all congressional oversight is, however, only as good as the information that Congress gets about Federal agency actions, and there are serious structural problems in assuring that quality.

All of the congressional committees are assisted in their oversight role by the General Accounting Office (GAO), which continually studies and audits SSA, having a continuing onsite presence at SSA for this purpose. Special studies are conducted from time to time by the other congressional support agencies, the Congressional Budget Office, the Congressional Research Service, and the Office of Technology Assessment. But GAO's detailed audits, with the benefit of immediate access to SSA operations, are particularly essential, since none of the other congressional support agencies can mount the resources to study SSA at the same level of detail; nor do they have the inside access that GAO has, so that they are largely dependent on SSA spokesmen for some kinds of information.

However, even the GAO audits have sometimes not been sufficient to make Congress aware of basic, deep-seated problems with effects that are persistent, cumulative, and relentlessly destructive. The tightly focused, highly detailed nature of GAO reports, which allows them to answer congressional questions with pRecision, may at times prevent them from revealing larger patterns of management weakness. GAO reports are also focused primarily on the question of whether existing legislation and policy guidelines have been followed, rather than raising questions about whether they are appropriate for achieving desired objectives.

GAO is, however, currently carrying out a major management review of SSA, one of a series of GAO reviews of management of Federal agencies undertaken to support implementation of the recommendations of the Grace Commission. These management reviews are broader than traditional GAO audits and represent a new initiative, begun in 1982, to review the overall management of Federal departments or agencies in terms of effectiveness in achieving their missions. Recognizing that good management is essential to achieving policy objectives, the GAO management reviews are intended to demonstrate that:

> Past insufficient attention to management has led to chronic, unresolved problems in program delivery and administrative management, including financial and information resources management; (and) inadequate management structures or systems have often led to crisis management or darnage control rather than real progress.[4]

All congressional oversight is ultimately dependent on information made available to it by Federal officials. As noted repeatedly at points in this report, agency officials are often unwilling or unable to call attention to emerging problems, or are required to shape their estimates of resource needs to fit the direction of Administration policy and priorities.

'From a description supplied to OTA by the General Accounting Office [GAO], June 1986. GAO management reports have been issued on the Departments of Housing and Urban Development, Labor, and Justice, and on the Defense Logistics Agency; others are being completed on the Department of Transportation and SSA, and are underway at a number of other agencies.

GAO AUDITS OF THE SMP EFFORT

Two GAO divisions regularly review SSA: the Human Resources Division (HRD) and the Information Management and Technology Division (IMTD). Recent and current GAO audits relevant to the Systems Modernization Plan (SMP) include: a study of SSA's ability to assure privacy and security, and SSA's ability to meet congressional oversight needs for information, requested by Senator Chiles of the Committee on the Budget; a study of the potential effects on SSA's systems modernization of the planned work force reduction, requested by the Senate Committee on Appropriations; a study of the SSA's Systems Modernization Plan, requested by the House Committee on Government Operations (Sept. 30, 1985); a study of the agency field offices, requested by the Subcommittee on Social Security of the House Committee on Ways and Means (March 1986), and a management review requested by the Senate Committee on Governmental Affairs, due in late 1986. These reports are referenced throughout this chapter.

GAO studies are large, thorough, and labor-intensive, and sometimes resented by the agencies as "meddling." Federal officials point out that they spend many hours working with GAO auditors. On occasions, however, GAO must respond in rapid time to an urgent congressional request; a recent letter report on the Paradyne contracts (discussed earlier) was done in 5 days at the request of the Brooks Committee.

There were 19 major GAO reports on SSA between 1978 and 1985. In the 12 issued before 1982, emphasis was on the need for exchanging data between Federal and State programs for income verification, computer system errors in payments and poor data quality, poor management of systems, fraud, and privacy and security issues. During this period GAO also began the first of seven critical reports on Federal computer operations, three of which focused on SSA. GAO reports increasingly

reflected a general conclusion that there were systematic flaws in SSA top management practices, especially with regard to **systems management.**

A 1981 report* identified serious problems of inadequate planning, improper development and modification of systems and software resulting in erroneous processing, deficiencies in acquiring ADP equipment, and failure to provide adequate privacy and security protection. Noting that SSA had not established "system development lifecycle methodology" and had neglected validation and documentation of modifications in its software and hardware, GAO spoke of the failure of:

> . . . top HHS and SSA management [which] has not devoted adequate attention to our reports and those of other internal and external organizations pointing out major system deficiencies, especially those of a recurring nature.

GAO was especially critical of SSA procurement policies. In about one-third of the 61 ADP/telecommunication procurements reviewed, SSA had not used competitive procedures but had specified a particular make and model, on the grounds that this would avoid the cost of conversion of software. GAO found that application software would have to be substantially rewritten in any case because of SSA's "long standing use of archaic programming techniques and its failure over the years to document its software adequately." Thus, it was not clear whether conversion to another vendor's equipment would be more or less expensive than sticking with IBM or IBM-compatible systems.

GAO also identified as indicator-s of serious problems:

- a 15 percent attrition rate in systems personnel in 1980 to 1981,"

A briefing report has already been delivered, see U.S. Congress, General Accounting Office, *Social Security: Actions and Plans To Reduce Agency Staff*, briefing report to congressional requesters, HRD-86-76BR, March 1986.

* U.S. Congress, General Accounting Office, *Solving Social Security's Computer Problems: Comprehensive Corrective Action Planned and Better Management Needed*, report of the U.S. Controller-General, 111?1)-S+2-19. Dec, 10, 1981

Commissioner McSteen told the House Appropriate ions Committee in 1985 that the normal attrition rat e is 4 to 6 per-

- the low level of skills of systems personnel, and
- 45 recorded acts of sabotage or vandalism between February 1977 and February 1981.

From 1982 to the present, GAO reports have emphasized errors caused by ADP systems, poor field office management, and poor contracting procedures in purchase of telecommunications and ADP equipment; and were increasingly critical of SSA planning for systems modernization.[8] GAO found that SSA was . . . — —

cent. However, the average annual turnover rate for full-time permanent General Schedule employees in nondefense Federal agencies in 1984 was 11.8 percent (U.S. Congress, Congressional Budget Office, *Employee Turnover in the Federal Government,* special study, February 1986, table 1).

[8]See GAO reports: *Social* Security *Field Office Management Can Be improved and Millions Can Be Saved Annually Through Increased Productivity,* HRD-82-47, Mar. 19, 1982; *Complete and Accurate Information Needed in Social Security's Automated Name and Number Files,* HRD-82-18, Apr. 28, 1982; *Examination of the Social Security Administration's Systems Modernization Plan,* HRD-82-83, May 28, 1982; *Social Security Administration's Data Communication Contracts With Paradyne Corporation Demonstrate the Need for Improved Management Controls, IMTEC-84-15,* July 9, 1984; *Additional Information on the Social Security Administration's Management of Data Communication Contracts With Paradine Corporation,* IMTEC-84-83, Aug. 27, 1984; *Review of Two Proposed Automatic Data Processing Procurements by the Social Security Administration,* IMTEC-85-7, Apr. 10, 1985; *Social Security*

underestimating the magnitude of corrective actions necessary in software improvement and data validation.

SSA estimated that 65 to 70 percent of the 12 million lines of code then in use could continue to be utilized, but had done no studies to validate this estimate. The System Modernization Plan calls for data verification and file cleanup to be done within 3 years; GAO doubted whether this could be accomplished.

In spite of these problems, GAO concluded in early 1982 assessments that SMP is a definite turnaround step in the right direction, and gave it a strong green light. More recent critical reviews of the SMP by GAO indicate that SSA has been able to solve many of its hardware problems, but that in the areas of software and databases serious deficiencies remain.[g]

Administration's Progress in Modernizing Its Computer Operations, IMTEC-85-15, Aug. 30, 1985; *SSA's Computer Systems Modernization Effort May Not Achieve Planned Objectives,* IMTEC 85-16, Sept. 30, 1985; *Income Security: Selected Disability Payments, HRD-86-47FS,* December 1985; *Issues Relating to Agency Field Offices,* HRD-86-71BR, March 1986; *Current Stat us of the Federal-State Arrangement ts for Administering Social Security's Diability Programs,* HRD 85-71, Sept. 30, 1986.

[g]U. S. Congress, General Accounting Office, *Social Security Administration's Progress in Modernizing Its Computer Operations,* IMTEC-85-15, Aug. 30, 1985.

CONGRESSIONAL HEARINGS

1981-82 Hearings: How Accurately Was Congress Informed?

In May 1981, the House Ways and Means' Subcommittee on Social Security and Subcommittee on Oversight jointly held hearingsl" to "begin identifying some of the problems that are facing the SSA in the management of its ADP Systems. " They heard newly appointed Commissioner John A. Svahn talk about what Chairman Rangel called SSA'S "state of crisis. " The Subcommittee on Social Security had

[1]U.S. Congress, *Automated Data Processing Systems,* Hearing Before the Subcommittee on Social Security and the Subcommittee on Oversight, House Committee on Ways and Means, 97th Cong., 1st sess., May 22, 1981.

been "alerted to the magnitude of the systems problem by the earlier testimony of three former SSA commissioners, " summed up in a report prepared for subcommittee use by the staff.[11]

In September 1981 the House Committee on Government Operations also heard from Commissioner Svahn, and others.[12] In these and

[11]*U. S. Congress, The Social Security Administrations Data Processing System Crisis,* a report prepared by the staff of the Subcommittee on Social Security of the House Ways and Means Committee, 97th Cong., 1st sess., May 22, 1981.

[12]*U.S. Congress, Reliability of the Social Security Administration Computer Systems,* Hearing Before a Subcommittee of the House Committee on Government Operations, Sept. 23, 1981, 97th Cong., 1st sess.; this was the Brooks Committee.

other hearings Svahn presented a dark picture of an agency in real danger of collapse. Long lists of delays, backlogs, and critical problem areas were presented, and appeared again in SSA'S 1982 SMP.

There was no way for the congressional committees to challenge these statements and figures presented in support of SSA'S plan to salvage its operations with a 5-year systems development effort. Indeed there was little reason for them to do so, since both critics and supporters of SSA agreed that the situation was bleak.

Yet there was tension and resentment within SSA, between Commissioner Svahn and his aides and consultants, who put together the testimony and the 1982 SMP, and the long-time SSA managers who had been struggling to cope with the problems and to keep checks coming out on time. The latter resented having their performance pictured so unfavorably. Five years later, with Mr. Svahn gone, many of these managers heatedly dispute the figures used in 1981 to 1982 to measure error rates, lost time, backlogs, and vulnerability to security violations and disruption of procedures.

If these performance or quality measures are in dispute, however, then SSA'S own measures of improvement and progress since 1981 also can be disputed. It is reasonably clear that some of the ways of measuring or counting errors and time expended have changed. Possibly these changes are necessary because of the changed systems, but SSA is not careful to point this out to its oversight committees.

These contradictions are not important now except to illustrate the general possibility that congressional oversight can be misled by information presented by organizations in support of or in defense of their actions or of executive branch policies and directives. This problem has always existed. It is made worse by advanced information technologies that make performance data more difficult for the layman to grasp or to question. Evaluation of agency decisions related to design, procurement, and management of systems requires more highly technical knowledge. Measures of

progress, or of risk, are more diverse, less obvious, and less accessible when they are hidden in mammoth databases. The temptation to selectively pick and present such measures is stronger as the resources needed for (or already sunk in) systems become greater. The flow of work and the definition of discrete tasks or operations changes as the technology changes, so that it is difficult to compare performance at different periods. Thus, even an onsite auditing capability, such as GAO has, may be frustrated by the difficulty of defining and tracking real progress.

Hearings Since 1982: How Well Did SSA Report to Congress?

There have been six major sets of congressional hearings relevant to SSA information systems since 1982.13 The 1983 and 1985 House Appropriation Hearings, and Hearings Before the Senate Special Committee on Aging in 1983, were especially important.

In the 1983 Appropriations Hearings, the focus was on future solvency, the impact of budget cuts on SSA activities, and SSA Commissioner Svahn's presentation of the SMP. The Committee members were, in general, in favor of SMP and ready to provide funds to carry it out.

The hearings before the Senate Special Committee on the Aging in 1983[14] built on a sophisticated, critical staff background report combining analysis of external events affecting SSA and internal management actions.

[13]Hearings Before the House Committee On Appropriations, Subcommittee on Labor, HHS, Education, and Related Agencies, 97th Cong., Mar. 9, 1982; Hearings Before the Senate Committee on Appropriations, Subcommittee on Labor, HHS, Education, and Related Agencies, 97th Cong., Mar. 10, 1982; Hearings Before the Special Committee on Aging, U.S. Senate, 98th Cong., Nov. 29, 1983; Hearings Before the House Committee on Appropriations, 99th Cong., 1985; Hearings Before the House Committee on Ways and Means, Subcommittee on Social Security, 99th Cong., Apr. 3 and 11, 1985.
"U.S. Congress, *Social Security: How Well Is It Serving the Public?* Hearing Before the Special Committee on Aging, Senate, 98th Cong., 1st sess., Nov. 29, 1983.

Several areas were cited in which management problems had exacerbated systems problems:

- staff cutbacks of 5,000 positions between 1977 and 1984, and internal promotion and retraining practices that lowered the overall quality of personnel;
- measures of work performance that rewarded initial claims processing and data collection but not quality of service to beneficiaries;
- complexity of instructions and forms that the staff had to use
- newly aggressive enforcement of debt collection and disability redetermination, which added to the workload just when the staff was being reduced; and
- three internal reorganizations since 1975, with no visible benefit.

The message of the Committee to SSA was that Congress would measure SMP'S success not in terms of its technical sophistication but in terms of its improvement of services to beneficiaries. The committee staff report also questioned the "marginal strategy" of seeking to preserve most of the existing software instead of developing new software.

The 1985 House Appropriations Hearings, after Commissioner Svahn's departure, gave Acting Commissioner Martha McSteen the opportunity to announce her management goals and also to announce the first improvements in service delivery as a result of SMP. She pointed to a number of improvements in processing time and reductions of backlogs between 1982 and 1985.

The SMP had been projected, in 1982, to cost $449 million over 5 years. In 1985, only $101 million had been spent, although the 1982 SMP had projected that $293 million (61 percent of the total) would be expended by that time. The total projected cost, however, had risen to $863 million, so that less than 18 percent had been expended.

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[15] An SSA office in San Francisco was said to have received an average of 28 pages of instructions per day in the fall of 1980, which tests showed would require 17 years of education to understand, as compared to 11 years for the *Wall Street Journal.*

SSA then requested an additional $125 million as a reserve fund in 1986 because of the unanticipated costs related to automation and the implementation of the Disability Benefits Reform Act of 1984. However, Commissioner McSteen pointed out that these costs did not reflect badly on SMP progress; SSA was requesting 2,308 fewer work-years for 1986, as a result of "automation improvements and pr~cedural changes. "

Many Congressmen appeared less interested in these measures of progress than in the startling discussion in the Washington *Post* (Feb. 19, 1985) of alleged plans to close 200 SSA district offices and reduce the work force by nearly a quarter (17,000 positions). It was feared that this would, for constituents, decrease both access to SSA service representatives and the quality of the services provided. The Commissioner responded that this reduction would be made possible largely by systems modernization, i.e., automation. She argued that it could be done without degrading service delivery and largely without firing workers, since the normal attrition rate of 5 to 6 percent would account for about 4,000 workers each year, and 5,000 part-time workers would be dismissed. Other displaced workers were to be retrained and relocated. She added however that an "imbalance of staff" would be SSA'S greatest problem, i.e., matching people to the right job. Normal attrition is of course unlikely to occur selectively in just the jobs that are being eliminated by automation, but Commissioner McSteen did not offer any estimates of the amount of relocation and/or retraining that would be necessary if SSA relied on attrition.

Questioning of Commissioner McSteen revealed that OMB had originally demanded a reduction of 19,000; SSA had negotiated this down to a goal of 17,000 SSA workers by 1990. Some Congressmen were incredulous; some protested the absence of any SSA studies of the potential effects on clients of the proposed closings and reductions. Congressman Natcher asked:

> Don't you know as well as 1 do, that this is not going to work?. . . last year. , . we added the $60 million to maintain a staffing level at

the 1984 level We were very specific in the report. Tell us again, if you will, Mrs. McSteen, why your current plans me to support 2,180 fewer employees than the Congress directed for the current fiscal year. 16

Congress had authorized 80,253 full-time equivalent (FTE) positions for the agency in both fiscal years 1984 and 1985. At the end of fiscal year 1984, SSA actually had only 79,951 FTEs, and at the end of fiscal year 1985, it had 78,038, about 3 percent under the authorization. The President's fiscal year 1987 request cal!.s for 73,270 FTEs, or a reduction of 6,681 (8 percent) over 3 years. A continued reduction of 3 percent per fiscal year would mean about 13,000 fewer jobs in fiscal year 1990 than in fiscal year 1984. The goal of 17,000 fewer jobs could be reached in fiscal year 1992 at the present rate of shrinkage.

Despite the *Washing-ton Post* story that disturbed Congressmen, it is not clear that OMB directly ordered SSA to close 200 field offices. The original proposal was reportedly to close arly offices with fewer than 25 employees (a large proportion of the field offices), and SSA gave Regional Administrators the power to close offices within those criteria, without further authorization. GAO reported in March 1986 that 228 reviews of field offices had been conducted by .SSA in the past year, but no offices had been closed as a result, and it was "unlikely that many offices will be closed when the reviews of all offices are completed by December 1987. GAO noted that the effect of the Emergency Deficit Reduction and Balanced Budget Act of 1985 could change that forecast. It is possible that SSA could be unable to keep some offices staffed. Because of the Gramm-Rudman-Hollings Act, SSA is now under tight restrictions on both hiring and internal personnel transfers, 'x so that offices that lose staff through attrition may not be restaffed,

In the 1985 Appropriation Hearings, the committee members generally had praise for the social security program, and for Commissioner McSteen as a manager. The~' hoped that the SMP would improve SSA operations. On the other hand the Brooks Committee was now highly critical of SMP because it emphasizes hardware problems and appears less satisfactory in addressing software problems. All of the oversight committees have raised serious questions as to whether the efficiency and rationalization promised by SMP will also bring about a reduction in service, especially in rural areas, or a reduction in face-to-face interactions between SSA employees and clientele. Many are highly critical of OMB policies. In particular, OMB policy makes it difficult to spend money on training and retraining, which is much needed at SSA.

From 1983 to 1986, the acting commissioner was a long-time career employee and former regional commissioner who had a high level of approval within SSA and in Congress. In March 1986 a new commissioner was named, who was until then a Deputy Secretary of HHS but is a newcomer to SSA. Based on OTA interveiws, there were indications of foreboding and dismay in SSA, its union, and its oversight groups at the prospect of further policy shifts or internal reorganizations.19

For about two decades, and especially since the SS1 crisis of 1973, many people in Congress have been disturbed by the apparent misestimates of the adequacy of SSA resources to carry out congressional mandates for changes in social security benefits, procedures, or programs. There is continuing and recently renewed uncertainty as to whether these misestimates result from failure by SSA officials to estimate realistically, or the failure to communicate these needs to Congress in a way that is clear and credible, or from conflicting pressures and directives imposed on SSA by its

" 1985 Appropriation\ Hearings, p. 915 (see note 13).

'Numbers supplied by congressional committee staff.

¹"Staff memo of Feb. 13. 1986, from Dr. Otis Bowen, *Secretary of HHS, to Heads of operating Divisions. etc.; and staff memo of Feb. 16, 1986, from SSA Acting Deputy Commissioner for Management and Assessment to other SS,4 Deputy, Associate, and Regional ('commissioners,

¹⁹For example, Rep.Roybal, Chairman of the House Select Committee on Aging, issued a press release warning that "management of such an import ant agency should be more stable, and that "from a public policy standpoint it would be preferable that, the agency's chief administrator have at least a few years of hands-on experience.

multiple congressional oversight committees, or from constraints placed on SSA in regard to its communications with Congress by DHHS and OMB, in the interest of Administration

policies such as budget reduction. In regard to SMP each of these factors appears to have operated at different times; the latter may be of increasing importance at present.

EXECUTIVE BRANCH REVIEWS

SSA'S representations to the Administration as well as its communications with Congress must go through its parent agency, the Department of Health and Human Services, which has many components and programs to defend. The budget examiners within OMB—who act as the President controller, closely involved in developing the budget, controlling the money flow, and monitoring expenditures—thus play a powerful role in relation to SSA. DHHS itself of course must review and approve many SSA actions, such as major procurement plans and personnel actions; although the force with which this supervision is exercised varies over time. Anew oversight mechanism, the Inspectors General, also provides monitoring and oversight for Federal agencies, including SSA.

Inspector General Reports

Congress created, in 1978, a new position or institution, "Inspectors General, " to aid in the oversight process. [20] Inspectors General, in every major agency, are especially concerned with seeing that funds appropriated by Congress are properly used; they report both to Congress and to the agency.

In the Department of Health and Human Services, the Assistant Inspector General for

Audit, Felix J. Majka, conducted a review of the Claims Modernization Project from late 1983 through May 1984, and found numerous deficiencies. The DHHS Inspector General, Richard Kusserow, issued a report on January 30, 1985, calling attention to problems with the Claims Modernization Project of SMP:

- a formalized planning process was not completed, the scope of the project was not clearly defined, and interfaces with other systems had not been defined (as of May 1984).
- adequate minimal standards were not in place to guide the systems development process; the most critically needed standards were data definition, documentation, and planning; and
- although much has been done to identify potential control weaknesses in claims processing, SSA did not yet have a formal methodology for identifying new system vulnerabilities and implementing controls. [21]

In the same report-memorandum, however, the Inspector General noted that:

Our recommendations were generally concurred with by SSA and have either been implemented or are in the process of being implemented.

Another report horn the Inspector General the following month criticized SSA'S administration of a contract with a software vendor for obtaining "modern automated software tools, " and said that the software tools installed (for $24 1,916) did not filly meet the re-

[20]The first Inspector General (IG) post was created by statute in HEW in 1976. IG posts were created in 1978 first for the Department of Energy and then for 12 other major departments and agencies. The Department of Defense was added to the list in 1982. Nonstatutory IGs had existed earlier in the Department of Housing and Urban Development, in NASA, and in DOD. IGs can initiate audits and investigations of suspected fraud, abuse, or management deficiencies. Reporting both to Department heads and to Congress, they can also bypass department or agency counsels and take problems directly to the Criminal Division of the Department of Justice. John D. Young, "Reflections on the Root Causes of Fraud, Abuse, and Waste in Federal Social Programs, *Public Administration Review*, July/August 1983, p.366.

[21]U.S. Department of Health and Human Services, Office of Inspector General, Memorandum to Martha A. McSteen, Acting Commissioner for Social Security, "Audit Report-SSA's Redesign of the Claims Processing System Under the Systems Modernization Plan (SMP), " ACN 15-52654, Jan. 30, 1985.

quirements defined by SSA, did not improve operational programs, and were no longer being used.[22] The effort of the vendor to convert and improve 150,000 lines of COBOL code (at the cost of $150,000) was also unsatisfactory.

Again in June 1985, the Inspector General criticized SSA for wasting over $1 million in the procurement of useless software.[23] Kusserow criticized contractors for delivering products late and untested, the GSA for faulty oversight, and SSA for hasty preparation and poor quality of the specifications and for poor project management. He pointed to the Claims Automated Processing System upgrade, saying that software purchased from a vendor was unusable. A similar result occurred with an upgrade of the Manual Adjustment Credit and Award Process (MADCAP), and the conversion of earnings program software. Assistant Inspector General Majka told OTA in mid-1986 that because software development "is the most difficult systems area with the most failures, and because it receives relatively less focused attention from congressional oversight authorities than does hardware development, his office "will continue to concentrate our SMP reviews on software. "[24]

OMB Directives

OMB'S role with regard to SSA has been exercised chiefly through its budgetary functions, i.e., efforts to constrain and reduce the agency's work force, rather than through direct monitoring of systems modernization or information technology management.

The Paperwork Reduction Act of 1980 (Public Law 96-511) promulgated the concept of information resources management, or integrated management of all basic information-handling activities and functions within an agency. It charged OMB, assisted by GSA, with periodically reviewing information resources management by each agency (in practice, OMB delegates this task to GSA). OMB is to provide guidance on all matters of budget allocation and procurement for information technology, through its Office of Information and Regulatory Affairs (OIRA). This office has not, however, played a strong role in review or guidance. It was not reauthorized in 1983, but has continued to exist within OMB. Representative Jack Brooks, now Chairman of the House Government Operations Committee, in March 1986 asked the House Appropriations Committee to refuse funding for OIRA because it has "concentrated its efforts on the President regulatory reform program rather than the functions assigned to it under the (Paperwork Reduction) Act. "[25] OMB'S Office of Federal Procurement Policy also has played only a minor role.

Major OMB budgetary initiatives with regard to SSA, some of which have been noted throughout this report, are summarized here:

- efforts to reduce disability roles by severe enforcement of the Disability Amendments of 1980;
- insistence on reducing the debt carried by SSA due to overpayments or erroneous payments; and
- staff reduction demands, originally a reduction of 19,000 in 3 years,- negotiated downward to 17,000 in 6 years, and pressure for closing some district and branch offices.

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[22]U. S. Department of Health and Human Services, Office of Inspector General, Memorandum to Martha A. McSteen, Acting Commissioner of Social Security, "Audit Report—SSA's Use of a Contractor To Improve Software, " ACN 15-52649, Feb. 6, 1985.

[23]U.S. Department of Health and Human Services, Office of Inspector General, Memorandum to Martha A. McSteen, Acting Commissioner of Social Security, ''Audit Report—SSA Needs To Redirect Its Software Improvement Efforts, " ACN 15-51662, June 13, 1985.

"Letter from Assistant Inspector General Majka to OTA project director, June 24, 1986.

[25]According to news reports; see ''Brooks Slams OIRA for Not Doing Its Job, " *Government Computer News,* Mar. 28, 1986, p. 5.