
BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To Representative Frank Annunzio

Breakdown In Service At Chicago Passport Agency

Chicago's passport issuance delays were caused by an increase in backlogged passport applications, deficiencies in the recently installed Travel Document Issuance System, and numerous management problems. The State Department shifted workloads and took other actions to remedy Chicago's problems.

In GAO's opinion, no breakdown of service need have occurred if the new system had performed as planned and if management had addressed problems sooner. GAO also reports on problems with Chicago's cash accounting and security of passport materials.



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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

INTERNATIONAL DIVISION

B-209606

The Honorable Frank Annunzio
House of Representatives

Dear Mr. Annunzio:

Your letter of June 4, 1982, requested a review of the breakdown in service last spring at the State Department's Chicago Regional Passport Agency. By July 1982, passport issuance delays that had inconvenienced many travelers decreased with the reduction of backlogged applications, and passport processing time was returned to a normal level of about 1 week.

The backlog in Chicago, which at one time represented over 1 month of work, was caused by a combination of reasons and events. However, in our opinion, if the newly installed computerized Travel Document Issuance System (TDIS) had performed at the planned production capacity and if management had addressed Chicago's problems in a more timely manner, no breakdown in service need have occurred.

The State Department received numerous congressional and public inquiries concerning the timeliness of passport issuances in Chicago. Corrective actions taken by the Department included sending a management team to Chicago, authorizing overtime, assigning additional staff, shifting Chicago's workload to other passport agencies, and ordering changes to TDIS. Also, the Department began second workshifts at four other agencies. These actions were successful in remedying the critical situation in Chicago so that by June 30, 1982, only about 1,200 applications were awaiting processing. Previously, in June, there was a backlog of 35,000 applications.

Modifications made to TDIS have corrected some problems; however, the system's productivity still remains a serious question since the passport busy season (February to July) has passed. The Department's ability to manage passport operations successfully demands that TDIS achieve designed workloads.

REASONS FOR BREAKDOWN IN SERVICE

According to the State Department, backlogged applications, resulting in passport issuance delays of 6 to 8 weeks, were caused by an unexpected increase in passport applications and continuing problems with TDIS since it became operational in Chicago in August 1981. Although we found that workloads did increase and deficiencies were prevalent in TDIS, we also found management problems as another factor leading to the crisis situation in Chicago.

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During the first 6 months of 1982, the Chicago Agency experienced an 8-percent increase in passport application receipts compared to the same period last year. On a nationwide basis, applications had increased about 16 percent. However, past workload fluctuations such as annual increases as great as 20 percent and decreases as much as 11 percent, are not unusual.

The Chicago Agency experienced a growing backlog of work, rising from about 5,000 applications in late December 1981, to 35,000 applications in early June 1982. The backlog was caused in part by the inability of the TDIS to produce the designed average weekly workload of 8,000 passports consistently. TDIS workload statistics for the period January 1, 1982 through June 30, 1982 revealed that the Chicago Agency has only achieved its average weekly production level on four occasions and has never achieved its peak workload of 12,000 passports per week. For the first 6 months in 1982, the Chicago TDIS has produced on the average about 6,000 passports per week.

TDIS, a complex system, has been plagued by numerous deficiencies which have had an impact on its success. We found deficiencies in the system's design, equipment, maintenance, programming, materials, and operating environment. Department records also indicate that the Chicago Agency had a lower personnel productivity level compared to most other agencies, both before and after TDIS was installed.

Our report, entitled "Management of the Department of State Office of Passport Services Needs To Be Improved" (ID-81-39, Aug. 6, 1981), highlighted deficiencies in TDIS design planning and concluded that the Department was insufficiently prepared to implement the system. Due in part to contractual requirements, TDIS was installed in Chicago before successful testing of the Washington Agency had been completed. After installation, it was necessary to redesign the TDIS workflow pattern at both agencies. We were told that the TDIS design limitations also caused computer response time to be slow during peak workload periods, sometimes taking up to a couple of minutes instead of several seconds. Department officials expected that the major modifications being made to the Chicago TDIS, started in July 1982 at an estimated cost of about \$77,000, will correct some of the design problems. We did not attempt to determine if the modifications will correct the problems.

Chicago has also experienced problems with equipment reliability. During TDIS acceptance testing in October 1981, passport book printers broke down, laminating machines used to apply a security film to the passport data page malfunctioned, and a data terminal had to be taken out of service. Passport records indicated that by March 1982, 7 out of the 14 laminating machines had failed completely. When we visited Chicago in June, we were told that the agent-in-charge was forced to borrow six laminating machines from a local businessman. We also found that one data terminal had been broken since it was delivered.

State Department officials said equipment maintenance, performed by a TDIS subcontractor, had been a severe problem in Chicago. They complained that the subcontractor's maintenance technicians were slow to respond, were not sufficiently trained, and had no inventory of critical spare parts. We were unable to verify the severity of the maintenance problem because adequate equipment downtime records were not available; however, the prime contractor, in July 1982, assured the Department that corrective action would be taken.

In addition, we found problems in TDIS programing. For example, we observed obvious problems in a TDIS computer report which indicated negative numbers in the system's backlog. Furthermore, Department officials have stated that other management reports are similarly unreliable but are expected to be corrected once modifications to the TDIS design are completed. Other difficulties were encountered with Government-furnished passport books and bar code labels used to place a machine-readable number on passport applications. Both of these items were found to be improperly printed, causing TDIS production disruptions. Additionally, heat and humidity requirements at the Chicago Agency were not maintained, causing equipment and system malfunctions.

During our review we found indications that the Department's management of passport operations was experiencing considerable problems. A State Department's Inspector General audit report, containing over 100 recommendations, was highly critical of the Bureau of Consular Affairs administration and management of the passport offices and TDIS. The audit report issued in February 1982, attributed TDIS problems to a poorly written contract, deficient project administration, and a host of other high-level management concerns. The report stated:

"* * * because of deficiencies in the administration of the through-put and acceptance tests in Washington and Chicago, the inspectors are skeptical of the system's [TDIS] reliability and performance capabilities,"

* * * * *

"Nevertheless, it is up to CA [Bureau of Consular Affairs] to act now to ensure dependable performance."

TDIS through-put tests in both Chicago and Washington failed to produce the required number of passports as specified in the contract. Furthermore, the Department instructed the contractor to proceed to the Chicago office before accepting the first TDIS agency in Washington, D.C. After unsuccessful testing in Washington, the Department and the contractor agreed to accept TDIS in the Washington Agency based upon successful testing and acceptance in Chicago. The Chicago test was conducted even though there was a lack of agreement between the Department and the TDIS contractor

as to the interpretation of numerous contract terms and technical matters. We were told that during the Chicago through-put test there were brief intervals during which the Department was unable to supply the contractor with a sufficient quantity of passport applications and personnel. To resolve these difficulties, a formula for projecting TDIS production rates was negotiated while testing was in progress and the system was accepted on the basis of the projected production.

MANAGEMENT ACTIONS TAKEN TO
CORRECT CHICAGO PROBLEMS

Since TDIS became operational in Washington and Chicago, the system has experienced both equipment and computer programming problems which have had an impact on the system's productivity. On March 19, 1982, Department officials met with the contractor to discuss solutions to the system's problems. Although the contractor agreed to help the Department in many areas, TDIS productivity still lagged and the backlog continued to accumulate even after the Chicago Agency began using modest amounts of overtime and transferred 4,000 backlogged applications to the Boston Passport Agency for processing.

On March 23, 1982, the Deputy Assistant Secretary for Passport Services visited the Chicago Agency and met with several congressional members to explain Chicago's problems. He also met with local General Services Administration officials to rectify heat and humidity conditions that were adversely affecting the operation of the equipment at the Chicago Agency. As a result, temperature conditions were improved and a humidifier was ordered to reduce static electricity that was detrimental to TDIS. During the crisis, the General Services Administration also provided conference rooms for waiting areas for passport applicants.

Between March 1, 1982, and June 1, 1982, Chicago's staffing rose from 65 to 70. Other personnel were assigned to Chicago for temporary duty in May and early June. According to Department documents, 13 additional personnel had been detailed to augment Chicago's regular staff by June 22, 1982.

In April and May 1982, the Department began to operate a second shift at four passport agencies--Boston, Philadelphia, Seattle, and Washington. These agencies received much of the additional work that was diverted or transferred from other agencies, including Chicago.

On May 4, 1982, the Department issued a press release advising citizens that passport processing time could take over 3 weeks due to application backlogs in all agencies. Department officials informed us that publicity generated about the difficulties at the passport agencies and the possibility of increased cost for passports caused some applicants to apply for or inquire about their passports immediately, further aggravating the situation.

Chicago's work began to be diverted to other agencies shortly after a management team visited Chicago on May 15, 1982, for 1 week. The team was dispatched to determine the causes for the mounting application backlog and for the numerous congressional and public inquiries regarding the timeliness of passport issuances. The team examined the agency's operational problems, their causes and made recommendations for a solution. One of the initial recommendations was to divert Chicago's incoming workload elsewhere to take advantage of the increased processing capacity provided by the second shifts. Listed below are Chicago's workload diversions.

APPLICATION DIVERSIONS FROM ACCEPTANCE
OFFICES IN CHICAGO REGION

<u>Dates</u>	<u>State</u>	<u>Receiving Agency</u>
5/17/82	Indiana and Wisconsin Post Offices	Philadelphia
5/27/82	Indiana Court Clerks	Philadelphia
6/10/82	Illinois and Wisconsin Court Clerks	Philadelphia
6/14/82	Iowa Court Clerks and Post Offices	Houston
6/15/82	Illinois Post Offices	Philadelphia
6/18/82	Michigan Court Clerks	Washington

The diversions were successful in limiting the flow of applications to only those that Chicago received directly from the public--about one-fifth of its previous workload. The team also arranged for the transfer of about 3,000 of Chicago's backlogged applications to another agency and concentrated on streamlining bottlenecks in the TDIS production process and telephone inquiry section. Recommendations were made to improve passport operations and two additional telephone lines were installed during the team's visit. Furthermore, the management team reviewed and assessed the impact of the deficiencies in TDIS. The TDIS contractor was present during the management team's visit. The Department arranged for some of the deficiencies to be corrected immediately while more extensive design modifications were scheduled later, once the backlog was reduced.

In early June, the TDIS contractor again visited Chicago and assisted the agency throughout the month in correcting TDIS malfunctions. Later in the month, six additional processing and supervisory personnel from Washington were detailed to the Chicago Agency to assist in reducing the backlog. During June, about 10,000 backlogged applications were transferred to other agencies

for processing. On June 14, 1982, the Deputy Assistant Secretary for Passport Services held a press conference stating that Chicago's staff had been increased to 83 employees and he hoped to clear up the backlog that amounted to 20,000 applications by the end of the month. During his visit he requested greater participation from the Chicago staff in working overtime. Most of Chicago's staff responded positively even though they had been working modest amounts of overtime since March. Overtime was discontinued on June 25, 1982, when the backlog reached manageable levels. By June 30, 1982, the backlog had been reduced to 1,200 applications.

BACKLOG CRISIS: WILL IT HAPPEN AGAIN?

Chicago's crisis passed when the application backlog was reduced to manageable levels. This occurred late in June 1982 after Chicago's workload had been diverted, backlogged applications were transferred to other agencies, and concentrated efforts to alleviate the crisis were taken by the State Department's management and staff. These actions took place during the latter part of the passport busy season which runs from about February to July.

According to the Department's weekly passport workload reports, the Chicago Agency crisis both peaked and ebbed during June. A representation of Chicago's application backlog throughout the crisis period is included in appendix I.

With Chicago's backlog at a manageable level, the Department modified the TDIS in Chicago to duplicate the more successful TDIS design installed at the Los Angeles Agency. The modifications were made to Chicago's TDIS in early July and by the end of the following month workloads were redirected back into the Agency. At the end of our review, Department officials were in the process of evaluating the changes in Chicago. They hoped that the changes would clear up many of the difficulties being encountered with TDIS but were unsure if Chicago would be able to meet or sustain its designed workload levels in the future.

CONTROL PROBLEMS

There are problems with the Chicago Passport Agency's cash accounting practices and security of passport materials. For the period May 15, 1982, to June 14, 1982, there were discrepancies in 15 out of 20 of the daily deposits ranging from a shortage of \$876 to an overage of \$1,695. Total shortages for the period amounted to \$3,331, and total overages amounted to \$3,141, resulting in a net shortage of \$190. The TDIS cash accounting process does not provide an adequate audit trail from which to reconcile the accounting discrepancies. These discrepancies are dismissed as computer error. The adequacy of accounting systems is crucial to sound cash management, especially when the magnitude of passport receipts is considered. The Chicago Agency for the first 11 months in fiscal year 1982 collected \$3.1 million in passport receipts. Although a large portion of the receipts was in the form of checks, over \$500,000 was cash.

While visiting the Chicago Agency in late June 1982, we also found that some passport security film used in the new TDIS passports was left unsecured on desktops after the agency closed. The security film is specially made for the State Department to prevent counterfeiting. If the Department does not take reasonable security precautions in protecting access to the TDIS security film, this deterrent to potential fraud is lost.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our review were to determine the reasons for the breakdown in service at the Chicago Passport Agency and the actions taken to correct the problems.

Our examination was conducted at the State Department headquarters in Washington, D.C., and at the Chicago Passport Agency. We visited and toured the Washington Agency. We interviewed officials in the Bureau of Consular Affairs; Office of Passport Services; Office of the Inspector General; Office of Supply, Transportation and Procurement; and officials of the Chicago, Los Angeles, and Washington Passport Agencies. We also interviewed the TDIS contractor officials.

We reviewed Department reports, statistics, and records concerning the Chicago Agency's operations and TDIS. A sample of the Agency's passport receipts was selected for evaluation in order to verify accounting accuracies during peak workloads.

The study was performed in accordance with the Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

The Department of State provided comments on this report which have been incorporated where appropriate. They generally concurred with the contents of this report. As agreed with your office, we are providing copies of this report to the Chairmen, Senate and House Committees on Appropriations; Senate Committee on Foreign Relations; House Committee on Foreign Affairs; Senate Committee on Governmental Affairs; House Committee on Government Operations; the Director, Office of Management and Budget; the Secretary of State, and other interested parties.

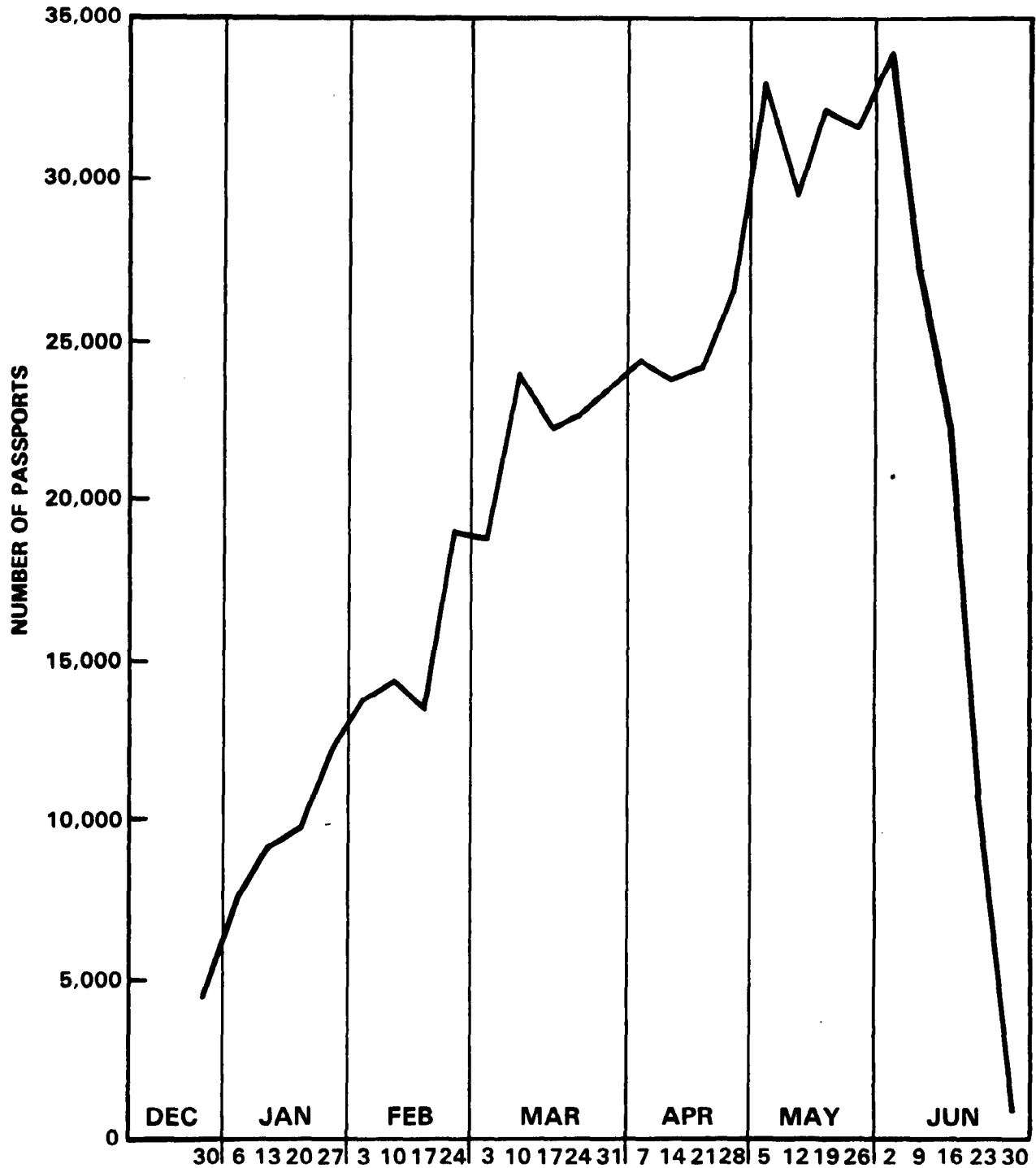
Sincerely yours,



Frank C. Conahan
Director

CHICAGO PASSPORT APPLICATION BACKLOG

DECEMBER 30, 1981 THROUGH JUNE 30, 1982



Source: Passport Weekly Statistics and Workload Report.