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General Accounting Office  
Washington, D.C. 20548

Information Management and  
Technology Division

B-250742

October 28, 1992



147880

The Honorable Albert V. Casey  
President and Chief Executive Officer,  
Resolution Trust Corporation

Dear Mr. Casey:

This letter presents the results of our evaluation of the Resolution Trust Corporation's (RTC) management and use of three critical automated asset systems since the recent restructuring of its field operations. As you know, since October 1990 we have expressed continuing concern about the agency's inability to develop systems to support its critical mission of managing and selling assets. For example, last March we reported that RTC's Real Estate Owned Management System (REOMS), Loans and Other Assets Inventory System (LOAIS), and Asset Manager System (AMS) were not meeting RTC's mission needs.<sup>1</sup> While RTC has shown management commitment to improve this situation, problems remain.

BACKGROUND

Until recently, RTC's asset systems development efforts have been disappointing. Problems with the systems have included unclear or changing requirements, inaccurate and incomplete data, poor response times, and difficulty of use. In our March report, we concluded that RTC had not adequately defined its business strategies for managing and selling assets; matched information needs to these strategies; or developed systems to provide timely, accurate, and complete information to manage asset disposition programs and oversee asset management contractors. Since then, some of our concerns have been addressed. We remain concerned, however,

<sup>1</sup> Resolution Trust Corporation: Status of Asset Manager System (GAO/IMTEC-92-34BR, Mar. 5, 1992); Resolution Trust Corporation: Status of Loans and Other Assets Inventory System (GAO/IMTEC-92-35BR, Mar. 5, 1992); Resolution Trust Corporation: Status of Real Estate Owned Management System (GAO/IMTEC-92-36BR, Mar. 5, 1992); and Resolution Trust Corporation: Corporate Strategy Needed to Improve Information Management (GAO/IMTEC-92-38, Mar. 5, 1992).

GAO/IMTEC-93-9R RTC: Asset Management Systems

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about the integrity of the REOMS and loan system data and the extent to which the AMS system will meet RTC's requirements.

POSITIVE RTC ACTIONS

Since March RTC has taken steps to better define its business needs and to strengthen its control over corporate system development processes. As a result, RTC has

- modified its Real Estate Owned Management System (REOMS) so that it now better meets the information and reporting needs of its corporate and field offices in the management and sale of real estate assets;
- terminated corporatewide development of its Loans and Other Assets Inventory System (LOAIS) because of a greater emphasis on its loan securitization program; and
- begun to modify the Asset Manager System (AMS) to more efficiently account for the income and expenses of asset manager contractors, calculate their management and disposition fees, and control the electronic funds transfers between RTC and its asset managers.

REMAINING CONCERNS

While these are steps in the right direction, the integrity of the REOMS data remains in doubt. As of January 31, 1992, REOMS data contained property records that were incomplete and inconsistent. For example, about 80 percent of the unsold properties on REOMS lacked one or more key data elements, such as listing price, date listed for sale, and identification of broker. While action has been taken to improve the REOMS data since then, such activity did not include all REOMS elements. For example, important information on the property's manager, appraisals, and listing were not verified. In addition, REOMS does not contain sufficient edit checks to prevent incorrect data from being entered into the system, or adequate field office access to an audit trail of system changes. As a result, RTC has no way of ensuring the continued reliability of these data, or ascertaining who changed them last.

Further, RTC does not have a corporatewide program to improve the data integrity of the wide variety of ad hoc field office loan systems and contractor loan servicing systems it relies upon to manage and sell its loan assets. RTC recognizes these concerns and by March 1993 plans to have the corporate

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oversight programs and system changes in place to ensure the integrity of REOMS and loan system data.

AMS' ability to track information on contractors who manage, market, and sell RTC assets is another concern. Until needed modifications are completed and tested, AMS will likely continue to experience (1) inadequate system interfaces between RTC and the asset managers to account for the contractors' income and expenses, (2) insufficient security controls and reconciliation reports to ensure proper electronic funds transfers, and (3) difficulty in calculating management and disposition fees for certain types of asset manager contracts. According to AMS requirements, these issues--adequate system interfaces, timely reconciliation controls, and automatic fee calculations--will be instrumental to the success and effectiveness of the system, and in determining accurate expense projections. RTC agrees with our concerns, and intends to fully test AMS to ensure that the modified system meets its requirements before it is implemented for corporatewide use.

In summary, RTC is taking positive steps to improve its asset management systems, but additional attention to these systems is necessary to ensure that they will meet critical mission needs. Otherwise, RTC will remain at risk for developing asset systems that do not perform as intended.

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We are sending copies of this report to the Director, Office of Management and Budget; and interested congressional committees. Copies will also be made available to others upon request. If you have any questions about this letter, please contact me at (202) 512-6418, or Mary Ellen Chervenik, Assistant Director, at (202) 512-6418.

Sincerely yours,



Howard G. Rhile  
Director, General Government  
Information Systems

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