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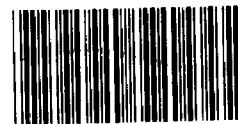
INFORMATION MANAGEMENT  
& TECHNOLOGY DIVISION

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B-217764

The Honorable Jack Brooks  
Chairman, Committee on  
Government Operations  
House of Representatives

RELEASED



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Dear Chairman Brooks:

Subject: The Veterans Administration's Organizational  
Structure for Managing Computer Resources  
Complies With the Paperwork Reduction Act  
(GAO/IMTEC-85-6)

You asked us to review the Veterans Administration's (VA's) current organizational structure for managing computer resources to determine whether VA is complying with the Paperwork Reduction Act. Under the act, each federal agency must designate one senior official to, among other responsibilities, manage the agency's computer resources. Your office was concerned that, contrary to the act, VA had designated two senior officials to manage computer resources rather than one. Of particular concern was that one official managed the agency's non-medical computer resources, while the other managed the medical computer resources.

As part of our review, we were asked to address the following questions:

- What is VA's formal structure for managing computer resources?
- What is VA's actual structure for managing computer resources on a day-to-day basis?
- Who is in charge of managing VA's computer resources?
- Who makes decisions regarding VA's computer resources and who enforces these decisions?

In addition to these questions, you requested us to determine the status of VA's Centralized Development Center.

We found that VA has complied with the Paperwork Reduction Act by designating the Associate Deputy Administrator for Information Resources Management (ADA/IRM) as the senior official for

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overseeing the management of all the agency's computer resources. VA is in compliance with the act, even though the ADA/IRM does not report to the Administrator and some computer resources management responsibilities related to decentralization of computers in hospitals have been assigned to the Chief Medical Director of the Department of Medicine and Surgery (DM&S). Also, regarding the Centralized Development Center, we were advised that VA has no plans to establish such an organization.

#### OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine (1) whether VA's organizational structure for managing computer resources complies with the Paperwork Reduction Act and (2) the status of VA's Centralized Development Center. We conducted our review at VA, the Office of Management and Budget (OMB), and the General Services Administration (GSA), in Washington, D.C.

Because of the nature of the Committee's request, we focused our review on how VA's computer resources management organizational structure complied with the Paperwork Reduction Act. Accordingly, we did not examine how effectively VA was carrying out its computer-related activities. We are currently performing work at VA to determine the effectiveness of some of these activities, such as the Compensation and Pension Benefits Delivery System and the Decentralized Hospital Computer Program. Regarding the Centralized Development Center, we were concerned only with the status of VA's plans for this center. We did not determine whether a centralized center was appropriate for VA.

We performed our review in accordance with generally accepted government auditing standards, except that we did not obtain official comments from VA on this report. We reviewed criteria contained in the Paperwork Reduction Act relating to computer resources management and related OMB and GSA guidelines. We also considered the Committee's prior observations regarding VA's computer resources management activities.

To determine VA's formal computer resources management structure, we analyzed agency documents, such as organization charts and manuals, and automatic data processing (ADP) plans, policies, and circulars. To determine VA's computer resources management structure on a day-to-day basis, and to determine who manages computer resources and makes decisions regarding these resources, we interviewed the ADA/IRM, who is also the designated senior official responsible for carrying out the Paperwork Reduction Act, and his staff.

In addition, we spoke with VA officials in the Office of Data Management and Telecommunications (ODM&T) and DM&S. We also met with OMB and GSA officials to obtain their views on VA's computer

resources management. And we met with various high-level VA officials to determine VA's plans for the Centralized Development Center.

VA RELIES ON COMPUTERS TO  
ACCOMPLISH ITS MISSION

VA was created by act of Congress in 1930 and charged with providing pension, health care, education, insurance, housing, and compensation benefits to qualified veterans of the armed forces. The total number of people potentially eligible for VA services and benefits included, as of September 1984, 28 million veterans, 51.4 million family members of living veterans, and 2.2 million survivors of deceased veterans. In fiscal year 1984, VA obligated \$15.5 billion for benefit recipients and an additional \$8.6 billion for providing health care to eligible veterans. In carrying out its mission, VA obligated, during this time period, \$335.7 million on computer-related support.

VA uses computers extensively in administering its various programs. For example, to process and generate compensation, pension, and education benefits, VA has a computer system--Target-- that connects its 58 regional offices with a central data base. In addition, VA is implementing in each of its 172 medical centers, a computer system that will automate such functions as patient registration, admission, discharge, transfer, and clinic scheduling. VA also has several agencywide applications, including payroll and logistics, which provide support to a staff of over 200,000 workers.

THE PAPERWORK REDUCTION ACT REQUIRES  
DESIGNATION OF A SENIOR OFFICIAL TO  
MANAGE COMPUTER RESOURCES

The Paperwork Reduction Act of 1980 (Public Law 96-511) assigns responsibilities to each federal agency for carrying out its information management activities efficiently, effectively, and economically. Under the act, each agency must designate a senior official to be responsible for several information-related activities, including computer resources management. The act requires the senior official to perform a number of duties, including

- conducting and being accountable for acquisitions of computer resources made under a delegation of procurement authority from GSA;
- periodically reviewing the agency's information management activities, including planning, budgeting, organizing, directing, training, promoting, controlling, and other managerial activities involving the collection, use, and dissemination of information; and

--systematically inventorying major information systems and ensuring they do not overlap each other or duplicate other agencies' systems.

In terms of organizational structure, section 3506 of the act requires the single official to report directly to the head of the agency. As noted in OMB Bulletin No. 81-21, designation of an official at this level is intended

"to establish an identifiable line of accountability for information management activities, provide for greater coordination among the agency's information activities and ensure greater visibility of such activities within the agency."

In passing the Paperwork Reduction Act, the Congress recognized that one organizational structure would not be appropriate for all agencies. As stated in OMB Bulletin No. 81-21, the proposed structure would meet congressional intent of section 3506

"if (1) the agency's information functions which relate to the OMB Director's functions listed in section 3504(a)<sup>1</sup> are under the supervision of the designated official; and (2) the designated official has approval authority for the agency's information functions."

A SINGLE SENIOR OFFICIAL IS RESPONSIBLE  
FOR VA'S COMPUTER RESOURCES

As required by the Paperwork Reduction Act, VA has designated a single senior agency official to provide overall management of its computer resources. This official, the ADA/IRM, has the authority and responsibility to coordinate the agency's large investment in computer resources and to be held accountable for these investments. The ADA/IRM directs the Office of Data Management and Telecommunications (ODM&T), which provides most of the agency's computer support and assists the ADA/IRM in carrying out responsibilities in such areas as ADP planning and policy development. In addition, the ADA/IRM reviews and approves the ADP plans and computer resource acquisitions of the Department of Medicine and Surgery (DM&S). On an informal level, the ADA/IRM and the ODM&T staff communicate frequently with DM&S staff to coordinate VA's computer-related activities.

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<sup>1</sup>Section 3504(a) of the act requires the OMB Director to develop and implement federal information policies, principles, standards, and guidelines. In addition, the Director must oversee the review and approval of information requests, the reduction of the paperwork burden, federal statistical activities, records management, privacy of records, interagency sharing of information, and the acquisition and use of ADP telecommunications and other technology for managing information resources.

VA's senior official oversees the management of all computer resources

In July 1981, the VA Administrator designated the ADA/IRM as the senior agency official as required by the Paperwork Reduction Act and OMB Bulletin No. 81-21. In this role, the ADA/IRM is responsible for conducting and being held accountable for ADP and telecommunications systems acquisitions. More specifically, as stated in VA's ADP policy, this person must

- serve as the principal advisor to the Administrator on information resources management policy, including ADP, office automation, and telecommunications;
- develop, coordinate, and revise agencywide ADP, office automation, and telecommunications policy;
- make sure the agency adheres to the management requirements of the Paperwork Reduction Act, OMB circulars and guidelines, Federal Information Resources Management Regulation, Federal Acquisition Regulation, and other applicable standards;
- review and approve the plans and formulate the agency's strategy for developing, acquiring, and integrating ADP, office automation, and telecommunications;
- approve purchases of the ADP, office automation, and telecommunications systems that exceed prescribed dollar thresholds;
- approve all agency procurement requests to GSA for ADP, office automation, and telecommunications support; and
- promote the concept of data as an agency resource and encourage the intra-agency exchange of data for official purposes.

As indicated on the organization chart, which we prepared based on information provided by VA (see encl.), the ADA/IRM reports to the VA Deputy Administrator, who, in turn, reports to the VA Administrator. According to the VA organization manual, the VA Deputy Administrator is the principal operating official under the Administrator and is responsible for the overall internal administration of the agency. VA officials we interviewed compared the agency's administration to that found in a corporate environment. Accordingly, the VA Deputy Administrator, similar to a corporation's chief operating officer, directs the agency on a daily basis. Above the Deputy, the VA Administrator--similar to a corporation's chief executive officer--handles the agency's relationships with outside groups, including Congress and veterans organizations.

Thus, while the ADA/IRM does not report directly to the VA Administrator, he does have direct access to the Deputy Administrator--the agency's daily manager.

As VA's principal operating official, the Deputy Administrator must ultimately resolve intra-agency conflict regarding computer resources. For example, the Deputy became involved recently with a disagreement between the Chief Benefits Director, who heads the Department of Veterans Benefits, and the ADA/IRM. The ADA/IRM believed that the director's assessment of the department's needs was technically flawed and needed improvement. When agreement between the two officials could not be reached, the Deputy Administrator stepped in to resolve the dispute. The Deputy, who supported the ADA/IRM's view, directed the Chief Benefits Director to improve the ADP needs assessment.

#### VA's senior official oversees ODM&T

ODM&T reports to the ADA/IRM. The office serves as the principal adviser to the ADA/IRM for the agency's ADP, office automation, and telecommunications activities. In addition, the office provides a range of ADP-related services affecting virtually all aspects of VA operations. While ODM&T provides some ADP support to DM&S, most of its support is directed to the agency's benefit payment and administrative activities.

Many of ODM&T's activities support the ADA/IRM's responsibilities as senior agency official. For example, ODM&T is tasked with

- coordinating the development of policy for ADP, office automation, and telecommunications;
- conducting an active planning program regarding the agency's management and operation of computer resources;
- maintaining an inventory of computer resources; and
- coordinating the acquisition process for computer systems hardware, services, ancillary equipment, and supplies.

In addition to assisting the ADA/IRM in managing computer resources, ODM&T provides ADP services throughout VA. With a staff of about 2,000 employees, most of whom are located in its five data processing centers, ODM&T develops, maintains, and operates a variety of ADP systems. These systems range from large applications, such as the Beneficiary Identification and Records Locator System, to small applications, such as the Administrator's Correspondence Tracking System.

Most of ODM&T's computer resources--staff and equipment--support the agency's benefit payment and administrative activities. ODM&T's largest operational effort is devoted to the Compensation, Pension, and Education Benefits Delivery System, which supports a

\$15-billion-a-year benefit program. For VA's staff functions, ODM&T supports about 70 applications affecting such areas as budget and finance, personnel, and facility construction.

Although most of VA's operations are supported by ODM&T, and ultimately the ADA/IRM, only a small portion of VA's medical operations is supported by ODM&T. In fiscal year 1984, ODM&T's support accounted for about 10 percent of the DM&S ADP budget. The support ODM&T provides DM&S includes such services as software development, maintenance, and operation for about 70 applications operating at the various data processing centers. ODM&T also offers DM&S technical assistance in such areas as acquisition and telecommunications.

VA's senior official oversees management of medical computer resources

Although DM&S has been authorized to implement and manage its Decentralized Hospital Computer Program, the ADA/IRM plays an important role in overseeing the Department's planning and acquisition of computer resources. The ADA/IRM's oversight role regarding medical ADP is directed by VA policy. This formal role is supported by an informal relationship between the ADA/IRM and DM&S officials.

In an Executive Order dated February 18, 1982, the VA Administrator gave overall responsibility to DM&S's Chief Medical Director to implement the \$235 million Decentralized Hospital Computer Program in VA's 172 medical centers. Through a subsequent internal circular dated August 13, 1982, the Administrator authorized the Chief Medical Director to establish a Medical Information Resources Management Office (MIRMO) to implement the computer systems needed to support health care delivery in VA's medical centers. The circular also re-emphasized the role of the ADA/IRM as the senior official for managing computer resources. As indicated on the organization chart, MIRMO reports to the Associate Deputy Chief Medical Director. Essentially a project management office, MIRMO's responsibilities include

- coordinating management of all DM&S ADP activities among DM&S elements;
- providing strategic long-range ADP planning for DM&S;
- implementing the policy for decentralization of ADP within DM&S; and
- managing the development and maintenance of ADP applications that ODM&T operates for DM&S.

Although VA has delegated management of medical ADP activities to DM&S, the ADA/IRM, acting as the agency's senior official, has a formal role regarding these activities. In a memorandum dated March 23, 1983, the Administrator assigned the Chief Medical

Director certain responsibilities related to the requirements of the Paperwork Reduction Act. Specifically, the memorandum and VA's Policy Manual on ADP state that the Chief Medical Director should submit the following to the ADA/IRM for review and approval:

--An annual DM&S ADP and telecommunications plan.

--A requisition form for all ADP-related acquisitions exceeding \$50,000<sup>2</sup>.

The Chief Medical Director is also required to submit to the ADA/IRM an inventory code sheet for all acquisitions for ADP and telecommunications equipment. (ODM&T uses these code sheets to account for the agency's computer-related equipment.)

In addition to these formal responsibilities, we found that the ADA/IRM and his staff communicate and coordinate with MIRMO staff regarding computer resources. (The organization chart shows this relationship.) For example, the ADA/IRM meets with MIRMO's director at least once a month to discuss issues of mutual concern. Also, the ADA/IRM and the MIRMO director together have visited some of the VA medical centers with newly installed decentralized hospital computer systems. The ADA/IRM's role during these visits was to verify that the system components were operating as stipulated in the contract.

Below the ADA/IRM, ODM&T officials also communicate and coordinate with their counterparts in MIRMO. ODM&T plays a significant supporting role for DM&S by operating about 70 of its applications. Thus, staff from both organizations work together while planning, developing, implementing, and managing these applications. MIRMO staff also work with ODM&T staff while developing the annual DM&S ADP plan. For example, before the ADA/IRM's review, ODM&T staff review the DM&S ADP plan draft to ensure that it is in consonance with the VA-wide ADP plan and conforms technically with other VA ADP activities.

VA HAS NO PLANS FOR A  
CENTRALIZED DEVELOPMENT CENTER

According to several VA officials within the office of the ADA/IRM and ODM&T, VA has no plans to establish a Centralized Development Center. The ADA/IRM confirmed that VA has no plans to establish the center. The center, which was first approved in September 1980, was to have centralized most application software development and maintenance activities previously assigned to ODM&T's five data processing centers. Shortly after, in July 1981,

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<sup>2</sup>The VA Administrator has authorized the Chief Medical Director to approve all ADP-related acquisitions of less than \$50,000. These acquisitions are reviewed by the ADA/IRM during the DM&S ADP planning process.



the new Administrator cancelled plans for a centralized center and stated that each data processing center instead would become a "center of expertise" for particular applications.

VA continues to employ the center-of-expertise concept for ODM&T software development and maintenance activities. For example, the data processing center in Hines, Illinois, is responsible for such applications as compensation, pension and education payment processing, while the center in Philadelphia, Pennsylvania, is responsible for the automated insurance system.

DM&S application software development activities are also structured similar to the center-of-expertise concept. DM&S has six verification and development centers, one for each medical region. In addition to providing the central point of expertise for its region, each center is responsible for developing and maintaining specific software applications for the Decentralized Hospital Computer Program. For example, the verification and development center in Birmingham, Alabama, specializes in pharmacy application software, while the center in Albany, New York, specializes in medical administration application software.

#### CONCLUSIONS

VA has designated a single senior official, as required by the Paperwork Reduction Act, to manage its computer resources. This official has the requisite authority and responsibility to oversee management of all VA computer resources. We found that VA's day-to-day computer resources management structure is consistent with the formal organizational structure. We have determined that VA's organizational structure for managing its computer resources complies with the Paperwork Reduction Act, even though the senior official does not report to the Administrator and some computer resources management responsibilities relating to the agency's medical operations have been assigned to the Chief Medical Director. Also, we were advised that VA has no plans to establish the Centralized Development Center.

As previously discussed, due to the limited scope of our review, we did not examine how effectively VA was carrying out its computer-related activities. However, we are currently performing work at VA to determine the effectiveness of some of these activities, such as the Compensation and Pension Benefits Delivery System and the Decentralized Hospital Computer Program.

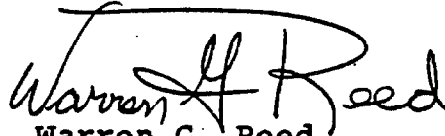
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As arranged with your office, unless you release its contents earlier, we plan no further distribution of this report until 30

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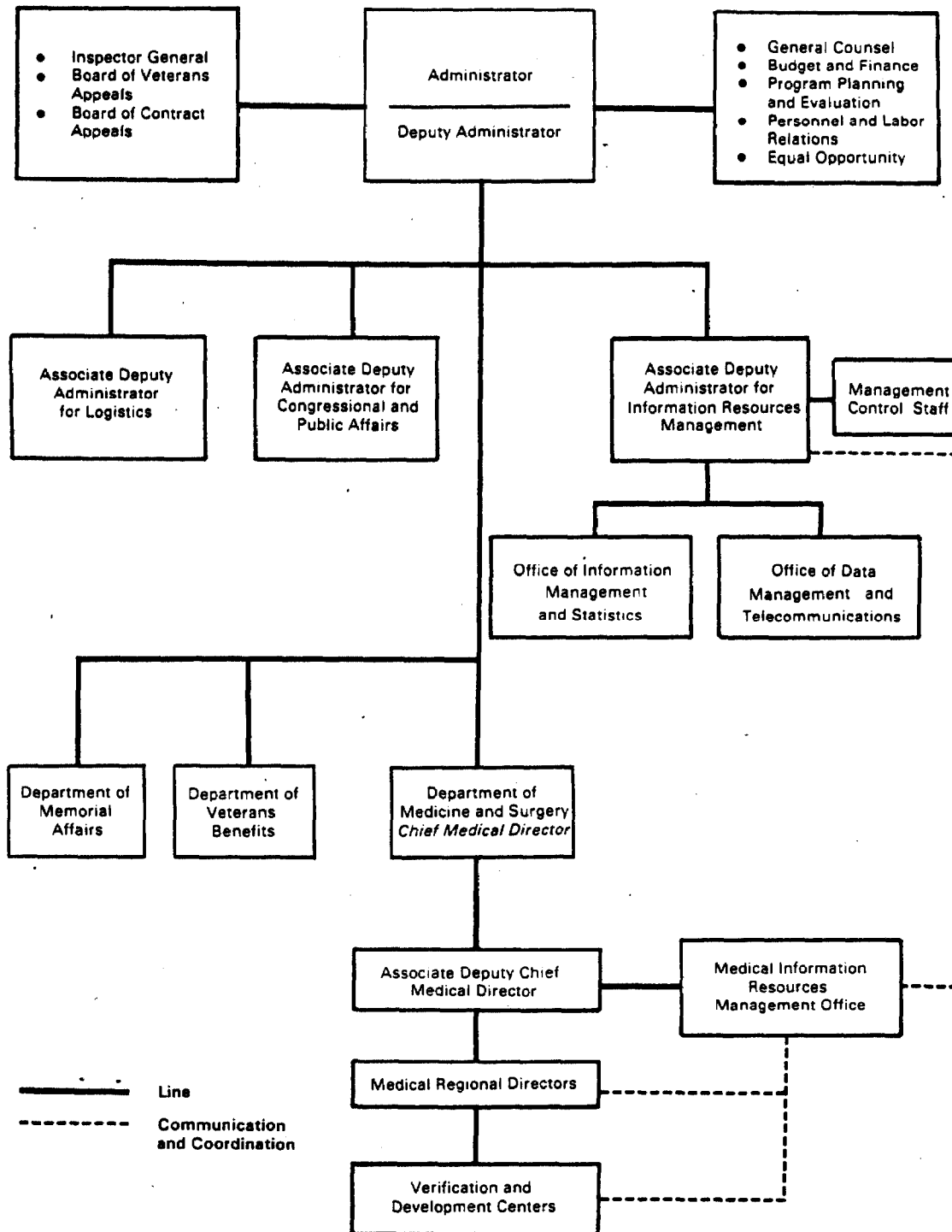
days from its issue date. At that time, we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,

  
Warren G. Reed  
Director

Enclosure

### The Veterans Administration's Organizational Structure For Managing Computer Resources ✓



✓ The organization chart, which is based on information obtained from VA, shows only the communication and coordination between the ADA/IRM and DM&S. The ADA/IRM also interfaces with the other departments; however, for purposes of this report, this interaction is not shown.