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ADP WORKSTATIONS:

SSA's \$64-Million Acquisition for Fiscal Year 1987 Should Be Reconsidered



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Information Management and
Technology Division

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The Honorable Lowell Weicker, Jr.
Chairman, Subcommittee on Labor,
Health and Human Services, and Education
Committee on Appropriations
United States Senate

The Honorable William Proxmire
Ranking Minority Member
Subcommittee on Labor, Health and
Human Services, and Education
Committee on Appropriations
United States Senate

The Honorable Lawton Chiles
United States Senate

In response to your December 18, 1985, request, we have been reviewing certain aspects of the Social Security Administration's (SSA) Claims Modernization Project — a major effort to update computer systems that process benefit claims. During a briefing to staff on September 5, 1986, we were asked to provide an initial report to the Subcommittee on an issue that we identified during our review — SSA's planned fiscal year (FY) 1987 procurement of automatic data processing (ADP) furniture for its Claims Modernization Project. The remaining issues concerning the modernization project will be addressed soon in a separate report.

As part of its computer modernization program, SSA intends to provide its employees, such as claims representatives, supervisors, and managers in field locations, with new computer terminals. Associated with the implementation of these new terminals, SSA is requesting \$64.5 million in FY 1987 to buy ADP workstation furniture. An agency official indicated that additional procurements are planned through FY 1990, which could bring the total expenditure for new furniture to \$215 million. Typically, an ADP workstation consists of a desk designed with sufficient space to accommodate computer equipment, such as a terminal and printer (some ADP workstations may provide the space for computer equipment by using a separate table immediately adjoining the desk); a chair designed to enhance the use of terminal equipment; and storage space, such as file drawers. Often, ADP workstation furniture is of an

ergonomic¹ design. SSA officials indicate that the agency plans to buy furniture for 50,000 to 60,000 ADP workstations, with an average workstation cost ranging from \$3,600 to \$4,000.

In reviewing the agency's planned ADP furniture procurement for the Claims Modernization Project, we found the following:

- SSA did not follow federal regulations requiring agencies to support the need for new furniture.
- SSA's projected cost per workstation, which was used to develop the 1987 budget justification, includes some furniture that (1) is not normally required for an ADP workstation and (2) appears to be more expensive than the type of furniture normally available for ADP workstations.
- Although SSA's documents indicate that the ADP workstation furniture is needed to accommodate new computer terminals, the number of workstations for which SSA is planning to procure furniture is considerably higher than the number of terminals the agency is planning to buy. Further, in an August 1986 report,² we questioned the need for the number of terminals SSA was planning to procure. Consequently, SSA's planned furniture procurements may substantially exceed its needs.

We believe that a need does exist for SSA to procure ADP furniture to accommodate ADP equipment, such as terminals and printers. Also, there may be a need to replace non-ADP-related furniture. However, the actual need and appropriate cost for each requirement have not been adequately identified.

SSA Has Not Followed Federal Regulations Requiring Needs Justification

As mentioned previously, SSA plans to acquire up to \$64.5 million in new furniture in FY 1987. However, we found that SSA has not adhered to federal regulations in supporting the need for the furniture. Our August 1986 report noted that SSA lacked a clear analysis to support the acquisition of significant amounts of ADP equipment. Similarly, during this review, agency officials were not able to provide supporting justification for the large amount of planned furniture procurements.

¹Ergonomic refers to the physical design of the total — person and machine — environment. For example, the tilt of a terminal, slope and layout of a keyboard, lighting level, and chair and desk design are ergonomic issues.

²ADP Acquisitions: SSA Should Limit ADP Procurements Until Further Testing Is Performed, GAO/IMTEC-86-31, August 1986.

Federal Property Management Regulations³ require that an agency first determine whether its requirements for office furniture can be met from already owned supplies or from government excess property. New furniture should be limited to those acquisitions that are absolutely essential. Generally, acquisitions of the least expensive line of office furniture will be authorized only when there is (1) an increase in agency personnel or (2) a need to avoid impairing program efficiency. Justification for an agency's action should be fully documented. Furniture acquired should not include "upgrading to improve appearance, office decor, or status, or to satisfy the desire for the latest design or more expensive lines."

SSA was not able to provide the kind of information required by these regulations. Agency officials could not provide documentation to show whether SSA's furniture requirement could be met by using existing or excess government furniture. Also, we found no indication that SSA's decision to buy furniture was because of its need to satisfy increased staffing levels or to avoid program impairments.

The primary reason agency officials cited for buying new furniture was their need to reduce average workstation space to 135 square feet, as required by General Services Administration regulations.⁴ However, we subsequently verified from agency documentation that, on average, the space utilization rates in 9 of SSA's 10 regions are already under the 135-square-foot requirement. The tenth region indicated that its average workstation space is currently 146 square feet.

Need for Certain Furniture Items Is Questionable

When we examined the documentation that SSA used to derive its \$64.5-million funding request for the furniture acquisition, we found that it was based on a furniture pilot test through which SSA has procured many items that are not normally required for an ADP workstation. As a result, the average furniture cost of \$3,600 to \$4,000 for each workstation appears excessive.

In 1983, SSA signed an interoffice agreement with the Army Corps of Engineers' Construction and Engineering Research Laboratory to develop and analyze workstation standards and office layout principles. Under the agreement, SSA is testing modular furniture to identify the most functional ergonomic furniture and environment for field office

³41 Code of Federal Regulations, 101-25.104, and 101-43.301.

⁴41 Code of Federal Regulations, 101-17.003.

operations. Since 1983, SSA has piloted different manufacturers' furniture in 11 district offices to allow the Corps' Laboratory to develop its analysis. SSA officials and agency documentation have identified a need to use a pilot office approach to prepare for office automation. Typically, an employee workstation could be adapted to accommodate ADP equipment, such as a terminal and printer, by adding a table specifically designed for this purpose. However, when we reviewed the actual furniture requisitions for the pilot offices, we found items that are not mandatory for SSA's ADP workstations or that appear more expensive than one would typically find in an agency's ADP workstation. The following are examples of such items and the approximate price paid for each item by SSA:

- Push-button pneumatic-controlled chair—\$800.
- Polished stool—\$270.
- Tempered smoke-glass partition—\$540.
- Walnut desk—\$544.
- Oak desk—\$1,165.
- Oak credenza—\$1,215.
- Oak pencil drawer—\$108.
- Triple lounge—\$830.
- Two-cushion sofa—\$840.
- Mail sorting table—\$270.
- Clothes rack—\$80.

We performed a limited survey of furniture items, and their cost, that would comprise a typical ADP workstation. The furniture included a desk, file storage units, terminal stand, and printer stand. Based on the unit price (before quantity discounts) advertised by four manufacturers, the total price for an ADP workstation ranged from approximately \$400 to \$1,000—significantly lower than SSA's average cost for a workstation.

Planned ADP Workstations Exceed Computer Terminal Needs

SSA may be planning to procure substantially more furniture than is needed to support its ADP terminals. During FY 1986, SSA procured approximately 30,000 chairs to support the planned terminal acquisition. In addition, SSA's planned purchase of as many as 50,000 to 60,000 ergonomic workstations is significantly higher than the number of computer terminals related to the agency's computer modernization efforts. An agency official involved in the furniture procurement stated that the number of workstations is related to the former Acting Commissioner's goal of automating SSA's field offices. The official further noted that, in his opinion, the procurement is in accord with an SSA objective that

every desk will have some sort of device sometime in the future. Although early modernization documents indicate SSA planned to install up to 50,000 data communications terminals, the current plans are to acquire a maximum of 39,000 terminals. Specifically, SSA's acquisition plans for the terminals called for a base quantity of about 23,000 terminals, with an option to procure an additional 16,000, for a total of 39,000 terminals. On the basis of its current furniture plans, the agency, at a minimum, would procure 11,000 more ADP workstations (50,000 workstations versus 39,000 terminals) than it would terminals.

In our August 1986 report, we stated that SSA had not properly justified its planned ADP procurements to significantly expand the quantity of its computer terminals and the capacity of its data network and host computers. Generally, we believed that SSA could be planning to procure far more ADP equipment than it needs to perform its mission. Also, we found that the procurement of these items—which will cost approximately \$343 million—did not comply with federal regulations. Specifically, we found that SSA did not complete all functional requirements, perform a comparative cost analysis of alternative solutions, or prepare a cost/benefit analysis for the procurements. We therefore believed that SSA was procuring ADP equipment, including terminals, without proper justification. We recommended that, to avoid unnecessary expenditures in the ADP area, the Secretary of Health and Human Services direct SSA's Commissioner to limit the commitment of funds to only a full pilot test of the proposed hardware and software configuration until the agency properly assessed, justified, and documented its ADP requirements, alternatives to meeting those requirements, and the associated benefit to SSA's mission.

Conclusions

Although specific furniture is needed to support SSA's computer modernization, the nature and urgency of these needs have not been clearly identified. SSA's planned acquisition of furniture related to its computer modernization effort has not adhered to the methodology set out in federal regulations, and it is based on items that are not normally required for an ADP workstation. Nevertheless, SSA plans to spend \$64.5 million in FY 1987 on workstation furniture. We believe that a need does exist to procure certain furniture items to accommodate new ADP equipment, such as terminals and printers. However, those needs have not been adequately identified and coordinated with the modernization effort. Rather, SSA's ADP furniture needs have been commingled with furniture items of a general office nature, such as lounges and oak desks. This approach limits the Congress' ability to determine funding priorities

during periods of budgetary restraint. In addition, SSA's plans to acquire from 50,000 to 60,000 workstations exceed its current terminal requirements, which the workstations are to accommodate.

We believe that, in FY 1987, the ADP-related furniture procurement should be limited to valid furniture needs for SSA's pilot test offices, and that the agency should make no additional furniture procurements until it has followed the steps required by the Federal Property Management Regulations applicable to the acquisition of office furniture. Also, we believe that SSA should reexamine all the procurements under its furniture pilot program.

Recommendations

We recommend that the Secretary of Health and Human Services immediately direct the Commissioner of the Social Security Administration to take the following steps:

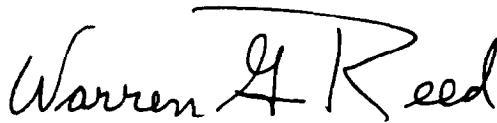
- Limit future contractual commitments of FY 1987 funds for the ADP furniture procurement, in accordance with the ADP hardware recommendations cited in our August 1986 report, to coincide with the terminals to be procured for a full pilot test of the proposed computer system.
- Delay the remaining planned FY 1987 furniture procurement until the agency thoroughly justifies the need for new furniture in accordance with federal regulations. In conducting such an analysis, the agency should clearly identify those furniture acquisitions that are ADP-related and those that are not needed to support the agency's computer modernization efforts.
- Thoroughly reexamine all activities associated with the furniture pilot program to reconsider the appropriateness of (1) the furniture being justified and procured as ADP-related under the pilot program and (2) the average workstation cost being based on furniture items that are not mandatory for ADP workstation requirements and that appear excessive in cost.

The results of the analysis and reexamination should be reported to the Senate Appropriations Committee and other appropriate congressional committees.

In examining the agency's plans to procure ADP furniture in support of its computer modernization program, we analyzed planning and budgetary documents; reviewed federal property management regulations and purchase requisition documents for new furniture installed at the

agency's pilot offices; and interviewed cognizant officials from SSA's Office of Management, Budget and Personnel, SSA's Office of Systems, the General Services Administration, and the Army Corps of Engineers' Construction and Engineering Research Laboratory. We conducted this review in accordance with generally accepted government auditing standards, except that, at your request, we did not ask SSA to review and comment officially on a draft of this report.

We are sending copies of this report to the appropriate House and Senate Committees; the Secretary of Health and Human Services; the SSA Commissioner; the Administrator of General Services; the Director, Office of Management and Budget; and to other interested parties upon request.

A handwritten signature in cursive script that reads "Warren G. Reed". The signature is written in black ink and is positioned above the printed name and title.

Warren G. Reed
Director



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