



20439 117206
UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

DECEMBER 29, 1981

The Honorable Kevin D. Rooney
Assistant Attorney General
for Administration
Department of Justice



117206

Dear Mr. Rooney:

Subject: Major System Acquisition Management
in the Department of Justice (GGD-82-18)

We reviewed the Department of Justice's progress in implementing Office of Management and Budget (OMB) Circular A-109 to manage major system acquisitions. We found that the Department has not established an adequate foundation for implementing A-109. The Department has not issued an implementing directive, provided any training or designated any programs as major system acquisitions.

This review was part of our effort to evaluate executive agencies' implementation of A-109. Our objective was to measure the Department of Justice's progress in developing a management framework to implement A-109's policies. The review was conducted at Justice headquarters in Washington, D.C. It covered actions taken by Justice to implement A-109 and to manage acquisition programs. It included a review of relevant directives; planning and budget documents; and discussions with officials involved in planning, procurement, budgeting, and management.

OMB CIRCULAR A-109

In 1976, OMB issued Circular A-109 to provide an organized approach to managing major system acquisitions. The circular was based on recommendations made by the Commission on Government Procurement to help solve a number of problems which have historically plagued major system acquisitions. It supplies a framework of flexible management policies that can be applied to all systems, ranging from defense weapons to ADP and from public buildings to space vehicles.

(019003)

019257

Under the guidelines of A-109, each agency must: define the need in terms of its mission; reconcile needs and goals with agency capabilities; evaluate industry's competitive efforts to develop alternative designs; and choose the best alternative on the basis of demonstrated performance and price commitments. Emphasis is on mission-oriented planning, high visibility, strong program management, and reliance on private industry for alternative system designs.

A DIRECTIVE IMPLEMENTING CIRCULAR
A-109 IS NEEDED

Because Circular A-109 requires substantial changes in the traditional methods of managing major system acquisitions, the first step for an agency is to issue guidelines on how A-109 will be implemented and monitored in the agency. The Department of Justice has not successfully completed this step.

In a letter dated October 20, 1976, the Assistant Attorney General for Administration informed the Office of Federal Procurement Policy (OFPP) at OMB of the Department's plan to implement the provisions of A-109. Among other things, the letter stated that:

"Department guidelines defining major systems and providing for compliance with A-109 will be issued by December 1, 1976; any revisions to existing Department procurement regulations necessitated by A-109 will also be completed by that date. Further, our operating components will be required to incorporate (by January 1, 1977) any changes to their directives, regulations, etc* * *"

But a directive was never issued to provide guidelines on implementing A-109 in the Department. In February 1977 a special analysis section was added to the annual request for program budget estimates. It defined a major system and required submission of a special analysis for each planned major system acquisition. We believe the special analysis section alone is not adequate to insure that A-109 is followed or to provide the agency components with the direction they need to apply A-109 policies to their major acquisition programs. It is not a substitute for a directive which explains the A-109 policies, how they are to be applied to Department of Justice operations, and how implementation is to be monitored.

THE RESPONSIBILITY FOR IMPLEMENTING
AND MONITORING A-109 IS NOT CLEARLY
PLACED

Circular A-109 requires that the head of each agency that acquires major systems designate an acquisition executive to integrate and unify the management process for the agency's major

system acquisitions and to monitor implementation of A-109's policies and practices. At the Department of Justice, the Assistant Attorney General for Administration serves as the Department's acquisition executive and, as such, has primary responsibility for monitoring departmental implementation of A-109's policies and practices. It is not clear, however, what office is held accountable for seeing that A-109's policies are applied to major system acquisition programs.

Initially, the principal responsibility for communicating the implementation requirements of A-109 was assigned to the Program Review and Budget Staff within the Department's Office of Management and Finance. In a letter to the Office of Federal Procurement Policy, dated May 15, 1978, the Assistant Attorney General for Administration delegated these responsibilities jointly to the Program Review and Budget Staff, the Management Systems Policy Staff, the Administrative Programs Management Staff, and the Personnel and Training Staff. In 1979, the Office of Management and Finance was reorganized into the Justice Management Division, but the responsibilities for implementing A-109 were not specifically reassigned. At present the formal responsibility for monitoring the Department's compliance with A-109 is not clear.

A-109 emphasizes the front-end management of major acquisitions: the early planning, mission need justification, and alternative concept designs. For that reason, the responsibility for implementing and monitoring the circular should lie within an office that deals with planning and policy. The acquisition executive should make sure that delegated responsibility is clear and is focused on an individual office which has Department-wide oversight of planned major system acquisitions.

NO ACQUISITION PROGRAMS HAVE
BEEN DESIGNATED A-109

The Department of Justice, in its annual Spring Planning Call, defines a major system as costing over \$5 million, being critical to fulfilling an agency mission, and warranting special management attention. It also requires an organization planning a major system acquisition to submit a special analysis for the system. To date, no submissions have been received under this requirement, and no systems have been designated major acquisitions.

Because we could find no record of planned acquisitions which were reviewed and considered for Circular A-109 application, we were unable to construct a reliable inventory of all planned acquisitions which might qualify as major. But, through budget information on ADP projects, we were able to identify at least two systems which appear to meet Justice's major system criteria. In addition, most ADP programs have a life cycle cost in excess

of \$5 million and thus meet the dollar criterion. We believe more effort is needed to identify potential major system acquisition programs.

CIRCULAR A-109 TRAINING IS NEEDED

The Justice Department has been making managers aware of Circular A-109 in its executive training programs but has not conducted training courses in A-109 policy and implementation. In 1976 the Assistant Attorney General for Administration determined that the number and size of major system acquisitions in the Department would not justify any special training programs. But, in 1978 the Personnel and Training Staff was assigned responsibility, along with three other staff offices, for implementing A-109. We believe that training in major system acquisition management is necessary. Training of key management personnel in the agency components is essential for successful implementation of A-109. OMB has recognized this and, through the Federal Acquisition Institute, has provided for such training and encourages agencies to develop their own training courses.

CONCLUSIONS, RECOMMENDATIONS, AND AGENCY COMMENTS

OMB Circular A-109, which was designed to establish an effective management system for major system acquisitions, has not been implemented in the Department of Justice. No implementation directive has been issued, no system acquisitions have been designated major and required to follow A-109 procedures, and no A-109 training has been provided.

GAO recommends that the Assistant Attorney General for Administration:

- Place the responsibility for implementing and monitoring A-109 in an appropriate office in the Justice Management Division and designate a focal point of responsibility for monitoring A-109 implementation in each of the larger organizational components.
- Issue a Department-wide directive covering policies, procedures, and guidelines to be followed in A-109 implementation.
- Provide training in major system acquisition management through either Departmental training programs or Federal Acquisition Institute programs.

The Justice Department concurred with our recommendations.

- - - -

We are sending copies of this report to the Director, Office of Management and Budget; the Office of Federal Procurement Policy; and to interested congressional committees and other parties. We appreciate the cooperation and assistance your staff extended to us during this review.

Sincerely yours,

W. J. Anderson

William J. Anderson
Director