United States General Accounting Office

GAO

Report to Congressional Requesters

March 1988

LEGAL SERVICES CORPORATION

Benefits and Costs of Proposed Information System Improvements Not Clear

541501/135499

GAO/HRD-88-5

GAO United States
General Accounting Office
Washington, D.C. 20548

Human Resources Division

B-202116

March 8, 1988

The Honorable Neal Smith
Chairman, Subcommittee on Commerce,
Justice, State, the Judiciary,
and Related Agencies
Committee on Appropriations
House of Representatives

The Honorable Warren B. Rudman
Ranking Minority Member, Subcommittee
on Commerce, Justice, State, the
Judiciary, and Related Agencies
Committee on Appropriations
United States Senate

The Honorable Orrin G. Hatch
Ranking Minority Member
Committee on Labor and Human Resources
United States Senate

The Honorable Larry Combest
House of Representatives

The Honorable Harold Rogers
House of Representatives

This report presents the results of our review of the Legal Services Corporation's efforts to implement information system improvements.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its date of publication. At that time, we will send copies of the report to the Legal Services Corporation, the Project Advisory Group, and other interested parties and will make copies available to others upon request.

Lawrence H. Thompson

Lawrence H. Thompson
Assistant Comptroller General

Executive Summary

Purpose

In 1985, the Legal Services Corporation (LSC) proposed improvements to its management information system; through this system, information received from grantees is used to evaluate their performance. Subsequently, the Senate Appropriations Subcommittee on Commerce, Justice, State, the Judiciary, and Related Agencies and the conferees of the House and Senate Appropriations Committees directed LSC to delay implementation because LSC had not adequately addressed congressional concerns about the benefits and costs of its proposed improvements. By May 1986, LSC had suspended implementation.

In response to requests from five Members of Congress, GAO developed a chronology describing LSC's efforts to improve its management information system. GAO also determined (1) whether LSC adequately carried out essential design and development activities, (2) if the benefits LSC identified could be realized, and (3) why cost estimates varied. GAO began its review in January 1987, after receiving information from LSC on the benefits expected from the proposed improvements.

Background

The Congress created LSC in 1974 to provide free legal assistance to the poor on civil matters, such as family and domestic law and landlord-tenant matters. In fiscal year 1987, the Congress appropriated $305.5 million to LSC, which funded grants to 306 local field grantees to provide legal advice and representation to the poor. In 1980 LSC introduced a manual case service reporting system to develop a management information system for evaluating grantee performance. In late 1985, LSC's board adopted proposals to improve its monitoring of grantee activities, the degree of accountability, and the quality of local program management.

The proposals included LSC's

- automating its manual case service reporting system,
- requiring grantees to document and report time spent on individual cases and other activities (timekeeping), and
- requiring grantees to submit to LSC a statement of expenses by function, relating costs to specific types of services provided (functional reporting).

Results in Brief

LSC's proposed improvements could provide valuable information for monitoring and evaluating grantee performance. Before proceeding with these improvements, however, LSC needs to carry out design and development activities that are essential to implementing an effective management information system. LSC's design and development activities were not adequate to

- support the need for a timekeeping requirement at the level of detail proposed,
- explain how timekeeping and functional-reporting information will be used to improve LSC's ability to monitor grantee performance, or
- assure that grantees will use timekeeping and functional-reporting information to better manage their programs and achieve the benefits LSC projects (see pp. 20-23).

Major differences between the cost estimates of LSC and the Project Advisory Group (a national organization formed by LSC grantees to represent grantee interests) occurred because of variations in time estimates for filling out and processing time records. Since neither estimate is based on systematic analytical techniques with detailed support, GAO was unable to verify either one (see pp. 26-28).

Principal Findings

LSC Board Adopts Automation, Timekeeping, and Functional Reporting

In September 1985, the LSC board of directors instructed LSC staff to (1) develop plans to automate its case service reporting system and (2) require grantees to report on the amount of time spent on casework and other activities. The board directed LSC to implement these changes in 6 months. In October 1985, the board adopted functional reporting and later instructed that it be implemented beginning in January 1986. To meet these deadlines, LSC staff initiated a number of efforts (see p. 15).

LSC Suspends Implementation

In December 1985 and March 1986, LSC's proposed timekeeping and functional-reporting requirements raised questions among Members of Congress about the cost and administrative burden. Because LSC could not adequately respond to these questions or questions about its funding for the microcomputer purchase, LSC suspended implementation. At that time, it had already purchased 220 of the 260 microcomputers for automating its case service reporting system. LSC later completed the microcomputer purchase, but did not resume its effort to automate the system (see pp. 16-18).

User Needs Not Determined

LSC did not determine the information needs of those who would use the data and what data had to be collected to meet those needs; therefore, it cannot support the level of detail included in its proposed timekeeping requirement. This requirement called for attorneys and paralegals to record, in 15-minute increments, the actual time spent on all activities and cases throughout the day. LSC's former comptroller told GAO that this level of detail was necessary because only actual time would be accepted by accounting firms responsible for reviewing a grantee's statement of expenses by function. GAO discussed timekeeping with several organizations, including the accounting firm that annually audits LSC headquarters and the accounting firm that helped develop LSC's guidance for implementing functional reporting. According to both firms, estimating time on a daily or even weekly basis would be acceptable (see pp. 20-22).

Benefits and Costs Not Adequately Supported

The LSC board adopted the proposed timekeeping and functional-reporting requirements in late 1985 without adequate support. The benefits had not been adequately identified and documented, and the costs had not been estimated. LSC first attempted to document the benefits in December 1986 and to estimate the costs in February 1986. LSC believed that with this information it could better monitor grantees. But LSC had not planned for how the information obtained would be used to achieve this benefit. LSC could not explain (1) who would analyze it and (2) how the results would be used. (see pp. 23-25).

LSC also believes that grantees could use the information to better manage their programs and, thus, provide more legal services for the dollars spent. Because the specific information needs of grantees have not been adequately assessed, LSC has no assurance that grantees would actually use the resulting information and realize the benefits LSC projects for grantees (see pp. 24-25).

LSC has estimated the cost of implementing its proposed timekeeping and functional-reporting requirements to be $3.2 million for the first year. The Project Advisory Group estimates that it will cost $17.2 million for the first year. Costs in subsequent years are estimated to be $2.4 million by LSC and $13.9 million by the Project Advisory Group. Major differences occurred because of the time each estimated it would take for attorneys and paralegals to fill out time records and for administrative staff to process these records.

Neither LSC nor the Project Advisory Group prepared its cost estimate using systematic analytical techniques with supporting documentation, such as time and motion studies. Both estimates, for the most part, were prepared using opinions and assumptions of LSC and grantee officials (see pp. 25-28).

Recommendations

GAO recommends that before proceeding with automating its case service reporting system and implementing timekeeping and functional reporting, LSC, in conjunction with grantees, should (1) determine what information LSC and grantees need to better monitor and manage grantee programs, (2) establish objectives and functions for its management information system, (3) use systematic analytical techniques to assess the costs of such a system, and (4) prepare a plan for an orderly design, development, and implementation process. In carrying out the above activities, LSC should seek the assistance of specialists in management information systems (see pp. 29-30).

Agency Comments

LSC believes it has adequately carried out the design and development activities needed to implement an effective management information system. GAO has analyzed these activities and believes they are an appropriate initial step. But these activities, by themselves, lack the in-depth analysis necessary to implement an effective management information system (see pp. 30-31).

LSC's board of directors asked GAO to assist LSC staff in implementing the revised case service reporting system, as well as the timekeeping and functional-reporting requirements. To preserve its role as an independent audit agency, GAO does not generally participate in program design, development, or implementation. Because LSC is not clear on how to continue with the necessary design and development activities recommended in this report, GAO believes that LSC should seek the assistance of management information specialists (see pp. 36-37).

The Project Advisory Group, established to represent LSC grantees, generally agrees with the report's findings and conclusions (see p. 37).

Contents

Table

Abbreviations

AICPA	American Institute of Certified Public Accountants
CSR	case service reporting
DIS	Division of Information Services
GAO	General Accounting Office
LSC	Legal Services Corporation
OMB	Office of Management and Budget
PAG	Project Advisory Group

Introduction

Background

In the fall of 1985, the board of the Legal Services Corporation (LSC) adopted three proposals intended to "further its fiduciary responsibility pursuant to the [LSC] Act" and to "obtain a more accurate, comprehensive picture of recipient activities."[1] These are the proposals covered:

- Case service reporting (CSR) system improvements. LSC proposed to (1) automate its current CSR system and (2) implement changes that LSC believed would assure more uniform reporting and improve the accuracy of information received from grantees.
- Timekeeping requirement. LSC would require grantees to implement a timekeeping requirement in which individual attorneys and paralegals would keep time records documenting the time spent on individual cases and other activities.
- Functional-reporting requirement. To comply with this requirement, grantees would annually prepare and submit to LSC a statement of expenses by function, identifying grantee expenses by major case categories (such as consumer finance, education, family, housing, and income maintenance, among others), as well as categories for involvement of private attorneys, fund raising, legislative and administrative advocacy, and administrative activities.

According to LSC officials, automation of the CSR system would improve the accuracy and timeliness of information currently obtained through the manual system. The officials also believe that the timekeeping and functional-reporting requirements would provide additional information, allowing LSC to determine how grantees' attorneys and paralegals use their time and to measure each grantee's cost for handling particular cases or types of cases. According to LSC, without time records, it cannot (1) verify whether certain grantee activities were carried out using LSC funds or funds from other sources and (2) readily determine whether some grantees have higher costs per case than others and why.

LSC's proposed timekeeping and functional-reporting requirements raised concerns among grantees and Members of Congress about the cost and administrative burden. In particular, some grantees criticized the new requirements by stating that the benefits to the local programs were negligible, compared with the costs, and that the real purpose was to eventually eliminate grantee programs. Also of concern was whether the administrative burden to be placed on the grantees was worth the

[1] LSC memorandum, "Response to the GAO's Inquiry Regarding Functional Reporting, Timekeeping, and Case Service Reporting (CSR)" (June 2, 1987).

additional information. Since grantees would not receive increased funding to pay for timekeeping and functional reporting, complying with the requirements could mean that grantees would process fewer cases.

Because of these concerns about the benefits and costs of the proposed requirements, the former Chairman, Subcommittee on Commerce, Justice, State, the Judiciary, and Related Agencies, Senate Committee on Appropriations, and the conferees of the House and Senate Appropriations Committees directed LSC to delay implementation of timekeeping, functional reporting, and the automated CSR system. The Chairman also expressed concern about LSC's failure to submit a reprogramming request for the funds used to purchase the computers for automating the CSR system. As a result, LSC had suspended implementation of these proposals by May 1986.

On June 19, 1986, Representatives Larry Combest and Harold Rogers jointly requested that we review the benefits and costs of LSC's proposed timekeeping and functional-reporting requirements; on July 10, 1986, Senator Orrin G. Hatch, then Chairman of the Committee on Labor and Human Resources, requested a similar review. On September 2, 1986, we received an additional request to review the benefits and costs of LSC's requiring grantees to maintain time records from Senator Warren B. Rudman, former Chairman of the Subcommittee on Commerce, Justice, State, the Judiciary, and Related Agencies, Senate Committee on Appropriations, and Representative Neal Smith, Chairman of the Subcommittee's counterpart in the House.[2]

We began our work in response to these requests in January 1987, after receiving information from LSC on the benefits and costs of its proposed timekeeping and functional-reporting requirements.

LSC Structure

In 1974, the Congress created LSC as a private, nonprofit, federally funded corporation to provide free legal assistance on civil matters to poor people. When LSC came into being in 1975, its foremost goal was to provide all poor people with at least "minimum access" to legal services. This means the program would focus on routine legal problems of the poor rather than on political work and social activism. Areas of law in which assistance is generally offered include consumer affairs, family

[2]This is a follow-on to an April 10, 1986, request from Senator Rudman and Representative Smith involving LSC issues.

and domestic law, law for the elderly, government benefits, landlord-tenant matters, and laws affecting migrant workers and Native Americans.

The Congress provided that the LSC Act of 1974 would be effective for 3 years. In 1977, the Congress reauthorized the act for 3 additional years. Since 1980, LSC has not had authorizing legislation; instead, it has operated under a series of annual continuing resolutions and appropriations bills, which have served as both authorizing and funding legislation.

LSC does not provide legal services directly to poor people. Rather, LSC is authorized to make grants or establish contracts to provide financial assistance to qualified programs furnishing legal assistance to people below a maximum income-eligibility level. LSC is required to ensure that (1) grantees establish priorities for providing services that take into account the relative needs of people unable to afford legal assistance and (2) grants are made and contracts established so as to provide the most economical and effective delivery of legal assistance in both urban and rural areas.

As of January 1987, LSC was funding grants to 306 local nonprofit organizations to provide legal advice and representation to the poor. Of these organizations, called field grantees, 293 primarily deliver general legal services to the eligible poor within specified geographical service areas; 13 provide only specialized services to Native Americans or migrant farm workers. Field grantees provide legal assistance through approximately 1,320 neighborhood offices in all 50 states, the District of Columbia, Guam, Micronesia, Puerto Rico, and the Virgin Islands. In addition, field grantees employ about 4,800 attorneys and about 1,900 paralegals. The attorneys, paralegals, and support staff who provide legal services to eligible clients are employees of the grantees, not of LSC.

LSC field grantees are governed by local boards of directors that include private attorneys, clients, and representatives from the community. Although grantees generally receive a majority of their funding from LSC, they may also receive funding from a variety of other sources, including state and local governments, foundations, and the public. In 1985 (the last year for which totals are available), about 22 percent of grantee funds were derived from these other funding sources.

In addition to field grantees, LSC funds 23 national and state support centers that typically specialize in (1) a particular area of law (such as health) or (2) the legal needs of special groups (such as the elderly) or the residents of a particular state. These centers train grantees and do research for them across the country.

Policy guidance for LSC's operations is set by a board of directors, which consists of 11 voting members, nominated for a term of 3 years by the President of the United States and confirmed by the Senate. The board appoints the president of LSC, who is responsible for day-to-day management.

LSC Funding

In fiscal year 1976, which was its first full year of operation, LSC was funded at $92.3 million. This grew to $321.3 million by fiscal year 1981. LSC's budget is driven, in part, by LSC's minimum access goal, with minimum access defined as the equivalent of two legal services attorneys for every 10,000 poor people. The minimum access goal was not achieved until 1980, however, after LSC requested—and the Congress provided—rather substantial budget increases in the late 1970's.

Beginning with its fiscal year 1982 budget request, the administration has annually proposed no funding for LSC, citing its views that (1) private attorneys should provide more free legal services to the poor and (2) states can use Social Services Block Grant funds for legal services. The administration believes that the use of block grant funds would "be more flexible for States, and the services more responsive to the direct needs of their citizens, than the current Legal Services Corporation, which is run centrally from Washington."[3]

As a private, nonprofit, federally funded corporation, LSC is authorized to submit its own budget request directly to the Congress, regardless of the administration's budget request. Since fiscal year 1982, the Congress has generally appropriated the LSC-generated budget request; for example, in fiscal year 1985, the Congress appropriated $305 million for LSC to provide legal services to the poor, and, in fiscal years 1986 and 1987, $305.5 million per year.[4]

[3]Office of Management and Budget, Executive Office of the President, Budget of the United States Government, Fiscal Year 1983, p. I-V 99.

[4]In fiscal year 1986, LSC actually received $292.4 million due to reductions under the Gramm-Rudman-Hollings Act.

Objectives, Scope, and Methodology

Our work for this report was in response to the five congressional requesters (noted on p. 9) and later discussions with their offices, asking for an analysis of LSC's proposed timekeeping and functional-reporting requirements. Our review focused on

- developing a chronology describing LSC's efforts to improve its management information system (beginning with LSC's initial effort to automate and correct deficiencies in its CSR system);
- determining whether LSC, in attempting to implement its new system, adequately performed essential design and development activities;
- determining whether the benefits LSC expects from implementing its timekeeping and functional-reporting requirements will be realized; and
- identifying the reasons for differences between the costs estimated by LSC and the Project Advisory Group (PAG).[5]

We discussed the benefits and costs of timekeeping and functional reporting with LSC, PAG, and grantee officials. At LSC headquarters, we talked with LSC's president, vice-president, and the officials responsible for developing and implementing the proposed requirements, including officials in the Office of Field Services; the Office of Monitoring, Audit, and Compliance; the Office of Comptroller; and the Division of Information Systems (DIS). We also met with the LSC board of directors to discuss a draft of this report.

We discussed LSC's proposed requirements with officials of other organizations to obtain their views on the need for them and the potential benefits. These included officials at the Department of Health and Human Services (who have the responsibility for monitoring grantee-operated programs), the Department of Justice, the Office of Management and Budget (OMB), two accounting firms, two law firms, and one private nonprofit organization.

In reviewing the proposed requirements, we examined the historical development of both timekeeping and functional-reporting proposals, paying particular attention to LSC's activities for their design, development, and implementation. This included reviewing agency files, examining the capabilities of the software developed for the CSR system, reviewing minutes of LSC's board and committee meetings, and examining the questionnaire information LSC used in updating its cost estimate.

[5]PAG is a national organization formed by LSC grantees to represent their interests. The organization also provides information of general interest to LSC program managers, including information on legal and regulatory changes, as well as analysis and interpretation of these changes.

Finally, we reviewed and analyzed the assumptions and methodologies used by LSC and PAG in estimating the cost of timekeeping and functional reporting to determine the reasons for the differences in the two estimates.

Our work was done between January and December 1987 and was conducted in accordance with generally accepted government auditing standards.

Attempts to Implement an Improved Management Information System

To improve its management information system for evaluating and monitoring grantee performance, LSC proposed automating its CSR system and adding requirements for timekeeping and functional reporting. At the time LSC's board approved these proposed improvements, LSC had not adequately assessed what type of information was needed or what the benefits and costs would be. Later, when grantee and congressional concerns were raised about the benefits and costs of the requirements, LSC could not adequately respond; it was directed by the Chairman, Senate Appropriations Subcommittee,[1] and the conference committee for the House and Senate Appropriations Committees (Subcommittees on Commerce, Justice, State, the Judiciary, and Related Agencies) to suspend efforts in these areas.

Efforts Initiated

In 1980, LSC introduced the manual CSR system as an attempt to develop a standard management information system for evaluating grantee performance. This system, still in use, provides quarterly information on the aggregate number of cases closed by each grantee; it also identifies the type of legal problem involved, the method of closing, and the amount of involvement by private attorneys.

In late 1984, after several years of experience collecting case information through CSR, LSC determined that automating the CSR system for grantees would improve the timeliness and accuracy of reporting. In addition to 4 years of experience with a manual CSR system, LSC had explored automating CSR and adding a timekeeping requirement. This exploration had been carried out in two meetings with a small number of grantees and LSC staff responsible for collecting and using CSR information. In these meetings, group members provided estimates of and opinions as to the (1) level of CSR automation among all LSC grantees and (2) extent to which grantees collected some form of timekeeping information. LSC had also obtained limited information on attorneys' time and activities in a 1983 timekeeping study of one grantee's statewide program. (See pp. 30-37 for a discussion of these activities.)

To facilitate its improvement effort for the CSR system, LSC established a CSR advisory panel, consisting of several grantee officials and LSC staff who managed and used CSR information. The panel met for the first time in July 1985 and discussed, among other things, manual CSR deficiencies

[1] "Chairman" refers to Senator Rudman, former Chairman, Subcommittee on Commerce, Justice, State, the Judiciary, and Related Agencies, Senate Committee on Appropriations.

CSR automation, and the need for timekeeping. The panel's goal was to compile a range of options for improving the manual CSR system.

According to minutes of this meeting, panel members generally supported automation of the CSR system. They also agreed that the "lack of comprehensive training, imprecise definitions, and widely varying interpretations have in fact destroyed uniform agreement and reporting of what constitutes a 'case.' " The members thought that timekeeping information could be useful to grantees for local program management, as well as helpful when linked to local on-site evaluations and monitoring. They believed that this information was, however, a potentially misleading indicator of grantee performance when used alone. Thus, members generally opposed the submission of timekeeping information to LSC because they did not know how LSC would use it. Finally, the members raised questions about the type of information LSC needed to properly monitor grantees, agreeing that timekeeping should be reconsidered when clearer direction was issued by the board.[2]

In September 1985, the CSR panel's project leader met with the board of directors to ask what information was needed for adequate monitoring and what direction to proceed in. While discussing improvements that could be made to CSR, he presented proposals for the board's consideration that included automating CSR and requiring timekeeping.

LSC Board Adopts CSR Automation, Timekeeping, and Functional Reporting

At the September 1985 LSC board meeting, the board instructed LSC staff to begin to develop plans for implementing improvements to the CSR system, including automating the system for field grantees and requiring all grantees to report additional information on the amount of time spent on cases and other activities. The board, however, directed LSC staff to implement these changes in a short period of time—pretest implementation 3 months later and full implementation in 6 months.

In October 1985, the board adopted functional reporting as LSC policy, and, in its November 1985 meeting, directed LSC staff to prepare and distribute guidelines for implementing a functional-reporting requirement by January 31, 1986. In its November 1985 meeting, the board also requested that LSC staff assess this requirement's benefits, costs, and operational needs, which had not previously been identified and documented.

[2]LSC memorandum, "Case Service Reporting System" (July 31, 1985), pp. 3-4 and 41.

In an effort to automate CSR and implement timekeeping and functional-reporting requirements within the specified period of time, LSC staff quickly initiated a number of efforts. By January 1986, LSC had (1) selected a contractor to provide 260 microcomputers, at a cost of $734,500, to grantees for automating CSR; (2) started designing menu-driven software—incorporating off-the-shelf packages—for storing and analyzing CSR and timekeeping information; and (3) conducted a pilot training session for the newly automated system, even though the software for operating the system had not been completed. LSC had also awarded a $14,500 contract for the development of written guidelines to implement functional reporting and received the guidelines, called the Functional Reporting Manual.

In February 1986, LSC prepared its first cost estimate for timekeeping and functional reporting. This estimate was subsequently revised three times, with the latest update completed on June 12, 1987. In December 1986, in a paper prepared by LSC's former comptroller, LSC first attempted to document the benefits of timekeeping and functional reporting. LSC's president gave us additional information on benefits in a June 1987 report.

LSC Efforts Questioned

In December 1985, the conference committee for the House and Senate Appropriations Committees (Subcommittees on Commerce, Justice, State, the Judiciary, and Related Agencies) raised questions concerning the benefits and costs of functional reporting. In particular, the committee was concerned about the lack of information comparing the cost of functional reporting with the usefulness of the information to be produced. As a result, the conferees directed LSC to consult with the Appropriations Committees before implementing any new requirement for functional reporting.

In a March 12, 1986, letter to LSC, the Chairman of the Senate Appropriations Subcommittee expressed concerns about LSC's purchase of microcomputers to automate CSR. In particular, the Chairman cited LSC's failure to request a reprogramming of funds used to purchase the computers. Accordingly, the Chairman requested that LSC suspend the transaction pending further review.[3] The Chairman's letter also instructed LSC not to spend any additional funds on a timekeeping requirement.

LSC Suspends Implementation of Proposed Improvements

As a result of the Chairman's concerns, LSC suspended purchase of the microcomputers and all other efforts associated with the automation of the CSR system, including cancelling scheduled training, terminating software development, and suspending work on the timekeeping requirement. At that time, however, LSC had already purchased 220 microcomputers. In addition, on May 14, 1986, during its appropriation hearings, LSC informed the Chairman that LSC was not, at that time, requiring grantees to comply with its functional-reporting requirement. On May 19, 1986, LSC informed its grantees that functional reporting was no longer a requirement.

By letter, dated October 20, 1986, LSC informed the Chairman that "the microcomputers were essential to efforts for improving the CSR system" and requested that the suspension be lifted. On October 28, 1986, the Chairman lifted the suspension, giving LSC approval to purchase and distribute the remaining 40 microcomputers.

Although LSC has now completed the microcomputer purchase, all other efforts to upgrade and automate the CSR system, including software development, have remained suspended. LSC officials said they do not know the extent to which the computers are currently being used by the grantees, but they believe that some are being used for word processing. The LSC president told us that LSC did not resume efforts to automate the CSR system because LSC did not want to appear to be acting counter to congressional directives by attempting to implement timekeeping through the automation of CSR.

[3] On April 10, 1986, we received a joint request from the Chairmen, Subcommittees on Commerce, Justice, State, the Judiciary, and Related Agencies, House and Senate Appropriations Committees, to look at, among other things, whether LSC had complied with federal procurement regulations when it purchased microcomputers for automating its CSR system. We reported that we did not find any problems with LSC's implementation of its procurement policies (similar to federal procurement policies), when it purchased the microcomputer systems. U.S. General Accounting Office, Legal Services Corporation: Reprogramming of Funds and Service Delivery Research Projects (GAO/HRD-87-50BR, Mar. 16, 1987), pp. 8-9.

As of July 1987, LSC had not resumed efforts to upgrade its management information system, even though LSC had informed the Senate Appropriations Subcommittee, in requesting permission to purchase the remaining 40 microcomputers, that "the microcomputers were essential to its effort for improving the CSR." Although LSC received permission to complete the microcomputer purchase, it has not proceeded with CSR automation because of the congressional directive that LSC suspend work on the timekeeping requirement.

Essential Design and Development Activities Not Adequately Performed

In order to comply with its board's directive to implement—in a short period of time—the automation of the CSR system and the addition of timekeeping and functional-reporting requirements, LSC did not adequately carry out certain design and development activities. These activities are essential for implementing an effective management information system.[1] For example, LSC did not

- determine the information needs of those who would use the data and what data had to be collected to meet those needs,
- define and document the system's objectives and functions, and
- develop a plan for an orderly design, development, and implementation process.

LSC also did not adequately identify and document, before adopting its proposed timekeeping and functional-reporting requirements, the benefits to be derived (and by whom) or the cost to implement and maintain these requirements.

LSC employees involved in automating the CSR system told us that a user study was never conducted and formal design specifications were not developed. Further, LSC could not provide documents describing the system's objectives and functions or a plan or schedule for carrying out the design, development, or implementation process. LSC could only provide internal memorandums and briefing papers which primarily discussed activities already performed and the status of its efforts to automate CSR and implement timekeeping and functional reporting.

Problems identified in the process for automating CSR and adding timekeeping and functional-reporting requirements are discussed below. Subsequent to the board's adoption of timekeeping and functional reporting, LSC identified and documented the benefits and estimated the costs. We identified problems with LSC's benefit and cost assessments, which are discussed in chapter 4.

CSR Development

Our review of LSC records revealed that in an effort to implement changes to its CSR system in a short period of time—pretest implementation in 3 months and full implementation in 6 months—staff involved in developing the system (1) dealt with constant changes and additions throughout the design and development process and (2) conducted their

[1] U.S. General Accounting Office, Evaluating the Acquisition and Operation of Information Systems, Technical Guideline 2 (July 1986), pp. 8-26.

work based on decisions that were driven by tight schedules rather than standard data processing practices.

The DIS staff responsible for purchasing the computers and developing the CSR system's software criticized the development process and raised questions as to the ultimate quality and integrity of the system as designed. For example, the director of DIS, in a January 1986 memorandum to the CSR project leader, expressed concern that constant additions and expansion of the CSR system during design and development would jeopardize its successful completion. He also believed that the success of training for the automated system was weakened by inadequate time to ensure proper planning. Finally, he raised questions about arbitrary decisions being made for the purpose of expediency; he also expressed concern about questions that had not been addressed such as "how the programs that do not get microcomputers are going to assimilate the new CSR into their current systems."[2]

The LSC staff member responsible for the design and development of the menu-driven software for the automated system raised questions, in a March 1986 memorandum to the CSR project leader, about the system's ultimate quality and integrity, stating that

> ". . . the development of this system has not followed a path which I feel to be proper from a professional data processing point of view. I realize that there have been severe constraints in terms of time and political considerations. None the less, this system has not been developed in accordance with standard data processing practices. Normally a system is defined, analyzed, designed, coded, tested and implemented with documentation going on throughout the process. It is customary to fully define a system before it is designed (and thus have a major portion of the documentation at least drafted on the front end). This system had major changes added to it throughout the coding, testing, and implementation steps . . . . In addition, the requests that DIS has made for specifications for cross edits and reasonability tests . . . have been put off until a later version of the system. This kind of data integrity checking is much more difficult to retrofit to a system than it is to include in an initial design."[3]

Timekeeping

LSC did not adequately determine the needs of those who would use the information and what data had to be collected to meet those needs; therefore, LSC cannot provide support to show that the level of detail i its proposed timekeeping requirement is needed to meet program goals

[2]LSC memorandum, "CSR Time Schedule" (Jan. 24, 1986).

[3]LSC memorandum, "Confirmation of CSR Specifications" (Mar. 25, 1986).

and to monitor grantee performance. In addition, LSC was unable to adequately respond to congressional concerns about the cost and administrative burden this requirement would place on grantees.

Although LSC proposed to leave the method of collecting timekeeping information to the discretion of each grantee, LSC told the grantees that timekeeping information was to be stored in the CSR system and supported by written time records. These records were to include the date and type of each activity conducted, the attorney or paralegal involved, a case identifier, and the amount of time spent. In addition, all grantees' attorneys and paralegals were (1) expected to record this information in 15-minute increments throughout the day, at the end of each activity, and (2) not to be allowed to estimate time charges at the end of each day.[4] According to LSC's former comptroller, one of the CSR project members, the average attorney would probably make 12 to 15 entries on individual time slips each day; in addition, grantees would probably require attorneys to keep a time sheet in each case file describing the time spent on that specific case.

In addition, according to LSC's former comptroller, attorneys and paralegals must record their actual time throughout the day in order to satisfy LSC's functional-reporting requirement. Specifically, he stated that timekeeping whereby attorneys and paralegals estimated their time would not be accepted by accounting firms responsible for reviewing and certifying grantee financial statements (one of which would be the required statement of expenses by function). We discussed LSC's proposed timekeeping requirement with the accounting firm that annually audits LSC headquarters and the accounting firm that developed LSC's Functional Reporting Manual. According to officials of these firms, estimating time on a daily or even weekly basis would be accepted by an accounting firm that was reviewing and certifying the financial statements of a nonprofit organization.

We also gathered data on the information needs and timekeeping methods in organizations with some functions similar to those of LSC grantees. These included the Departments of Justice and Health and Human Services, two private law firms, and the United Way. Only the private law firms kept time records as detailed as those proposed by LSC; these

[4]LSC, "Questions and Answers about Functional Accounting and Reporting for Legal Services Grantees" (undated), p. 3.

records were to support the billing of clients for time charges of attorneys. The other organizations believed that such a method would be too burdensome for their needs.

We also discussed LSC's proposed timekeeping requirement with an official of OMB who is responsible for reviewing regulations proposed by federal agencies for grant programs. According to him, LSC's proposed timekeeping requirement would result in unacceptable federal "micromanaging" of grantees. However, because LSC is an independent government corporation, it does not come under OMB review.

Functional Reporting

LSC's functional-reporting proposal would require grantees to allocate personnel costs among various functional categories, using information from time records. Costs of nonpersonnel items, such as rent and supplies, would be allocated among the categories, using a method that is reasonable and audited.[5] But LSC could not tell us how the functional-reporting information would be used to monitor grantee activities because LSC had not adequately planned for its use.

LSC's proposal for functional reporting was based on the American Institute of Certified Public Accountants (AICPA) Statement of Position 78-10 Accounting Principles and Reporting Practices for Certain Nonprofit Organizations. AICPA describes the need for nonprofit organizations to employ functional reporting as follows:

> "A principal purpose of a nonprofit organization's financial statements is to commu nicate the ways resources have been used to carry out the organization's objectives It requires reporting the nature and amount of available resources, [and] the uses made of the resources . . . . [T]he financial statements should identify the organization's principal programs and their costs . . . ."[6]

According to LSC, functional reporting would allow it to monitor expenses according to major case categories. This would include reporting expenses in categories such as consumer finance, education, family, housing, income maintenance, and employment. Specifically, how LSC will use this information to monitor grantee performance is unclear because LSC has not planned for who will analyze the information, how it will be analyzed, and how the results will be used.

[5]LSC, Functional Reporting Manual (Feb. 1, 1986), pp. 9-20.

[6]AICPA, Accounting Principles and Reporting Practices for Certain Nonprofit Organizations, Statement of Position (SOP) 78-10 (Dec. 31, 1978), p. 9

Benefits and Costs Not Adequately Supported

When the LSC board adopted timekeeping and functional reporting in late 1985, the benefits and the costs had not been adequately supported. LSC identified and documented the benefits of its proposed requirements in December 1986 with additional information prepared in June 1987. LSC prepared its first cost estimate in February 1986 and subsequently revised it three times, with the latest update completed on June 12, 1987.

LSC has identified benefits that could result from its proposed timekeeping and functional-reporting requirements. But, as of December 1987, LSC had not implemented these requirements or planned for how the information obtained would be used to achieve these benefits. Therefore, LSC could not adequately explain (1) who would analyze the resulting information and how it would be done and (2) how LSC would use the information in monitoring grantee performance. In addition, although LSC expects that certain benefits would accrue to grantees, it is unclear whether grantees would use the information in managing their operations. As a result, LSC has no assurance that the expected grantee benefits will be realized.

LSC has estimated the cost of implementing its timekeeping and functional-reporting requirements to be $3.2 million for the first year. PAG's estimate for the same period is significantly higher at $17.2 million. Major variances in the two cost estimates occurred because of significant differences in the time each estimated it would take for attorneys and paralegals to fill out time records and for administrative personnel to record and process timekeeping information. Because these estimates are not based on systematic analytical techniques with supporting documentation, we were unable to verify either estimate.

Benefits of Timekeeping and Functional Reporting

According to most LSC officials, there are potential uses for the information obtained from timekeeping and functional reporting, but they were not aware of specific plans on how it would be used when available. Because these officials believed that they could not speak for LSC,[1] we asked the president, in May 1987, to (1) identify the benefits that LSC believed would result from timekeeping and functional reporting and

[1] All but one of the LSC officials who had major responsibility for developing the improved management information system left LSC before our review; replacements for the officials had not worked on the development effort. Some of the replacements explained how they could use the resulting information, but emphasized that they could not give us an official LSC position because all development and implementation efforts had been stopped.

(2) tell us, specifically, how LSC would use the information to realize these benefits.

The president's response, in June 1987, indicated that LSC, grantees, and clients would all benefit from timekeeping, functional reporting, and automating CSR.[2] LSC could better determine whether grantees are complying with the LSC Act and its regulations, particularly concerning activities that are prohibited or limited, such as lobbying. If grantees are carrying out prohibited or limited activities, LSC could more accurately and quickly alert them to possible compliance issues.

The president's response also described how grantees could benefit from the new reporting requirements. Specifically, the resulting information could provide each grantee with

- a valuable management tool for assessing whether it has met its goals and for identifying areas needing improvement,
- proof of improved performance and increased accountability that would most likely attract or increase funding from nonfederal sources,
- greater motivation to produce efficient, high-quality results through self-examination by individual attorneys,
- a quick and thorough way to identify and implement changing priorities and monitor employees' compliance with those priorities, and
- the means to better judge the progress of its program, improve supervision, set service priorities, and direct its program's future.

In addition, according to the president's response, the ultimate beneficiaries would be LSC clients: Improved managerial and administrative efficiencies derived from the proposed requirements should help programs provide more legal services for the dollars spent and maximize and tailor services to the needs of clients.

Timekeeping and functional reporting are valuable management tools for evaluating program performance and controlling costs. In a February 1985 report, we stated that government financial reports often do not paint a clear enough picture of costs for effective program manage ment. We indicated that cost-basis (functional) reporting is essential ir determining the cost of delivered services. It can be used to compare costs of similar operations across units of government, produce more

[2]LSC memorandum, "Response to the GAO's Inquiry Regarding Functional Reporting, Timekeepir and Case Service Reporting (CSR)" (June 2, 1987), pp. 5-7. (The objective of this memorandum is identify the uses and benefits of the three proposals and to track their development.)

accurate budget estimates based on actual past program and project costs, measure the input of cost and the output of performance, and increase accountability for the management of public funds.[3]

LSC did not adequately carry out essential activities in developing its information requirements for timekeeping and functional reporting (as described in the previous chapter). For example, LSC could not adequately explain (1) who would do the analysis and how it would be done and (2) how the results would be used by LSC in monitoring grantee performance. In addition, because specific information needs of LSC and grantees have not been fully assessed, it is unclear (1) whether the approaches LSC proposed for its timekeeping and functional-reporting requirements are the most effective ones for obtaining this information or (2) whether grantees would use the information in managing local programs. As a result, LSC has no assurance that the benefits it identifies for its grantees would actually be realized.

Estimated Costs of Timekeeping and Functional Reporting

LSC and PAG have prepared estimates of the cost of implementing the timekeeping and functional-reporting requirements. For the first year, these range from LSC's estimate of $3.2 million to PAG's estimate of $17.2 million. During our review, we examined the methods used by LSC and PAG to develop each cost estimate, but we were unable to verify either one because neither LSC nor PAG prepared its estimate using systematic analytical techniques with supporting documentation. Both estimates, for the most part, were determined using opinions and assumptions of LSC and grantee personnel to estimate specific elements of cost. Thus, neither LSC nor PAG has a solid basis for supporting its estimate.

LSC's and PAG's cost estimates, as shown in table 4.1, include costs for both timekeeping and functional reporting. They are higher the first year because of the initial costs of setting up the system.

[3]U.S. General Accounting Office, Managing the Cost of Government, Building an Effective Management Structure (GAO/AFMD-85-35, Feb. 1985), pp. 4-5.

Table 4.1: Cost Estimates by LSC and PAG for Timekeeping and Functional Reporting[a]

Estimate	First year	Each additional year
PAG	$17,152,793	$13,904,650
LSC[b]	3,195,306	2,420,785
Difference	**13,957,487**	**11,483,865**

[a]The figures in this table differ from the figures provided by LSC and PAG because we excluded from both cost estimates those costs that have already been incurred and costs that were improperly assigned to timekeeping and functional reporting (see below) In addition, when LSC and PAG developed their cost estimates in early 1986, they anticipated implementation to begin on May 1 of that year As a result, both estimates for the first year reflected costs for only 8 months Using LSC's and PAG's calculations, we adjusted both estimates to reflect the costs for a full year

[b]On June 12, 1987, LSC revised its cost estimate using more current information for several items, such as including more recent salary costs and up-to-date information on the number of grantees LSC's revised estimate—adjusted to reflect costs for a full year—shows first-year expenses of $3,004,416 and subsequent yearly expenses of $2,198,529, a difference of about $200,000 each year from its earlier estimate The updated estimate reduced the comparability of LSC's and PAG's estimates in a number of ways, without a significant change in the total cost Therefore, we continued to use LSC's earlier estimate (Jan 5, 1987) to analyze the differences between the two estimates

Estimates Include Cost Elements That Should Be Excluded

All elements of cost included in the estimates provided by LSC and PAG are not included in table 4.1. We have excluded (1) costs that LSC had already incurred (which were included in both the LSC and PAG cost estimates) and (2) costs improperly assigned to timekeeping and functional reporting. For example, LSC included, as part of its estimate, the costs for implementation research as well as reproducing and shipping the Functional Reporting Manual, amounting to $21,067; PAG estimated this cost to be $71,063. We excluded these costs because they are expenses that have already been incurred and cannot be changed by any future decisions concerning timekeeping and functional reporting. In addition, PAG included $1,040,000 for the cost of acquiring computers and $830,431 for training grantee personnel to use the new computers. Since these are costs related to CSR automation, we excluded them as well.

Estimates Not Well Supported

Both LSC and PAG based cost estimates for specific activities necessary to carry out the proposed requirements, for the most part, on opinions and assumptions of LSC and grantee officials. As a result, neither is supported by detailed, systematic analysis and documentation, and we could not, therefore, verify either. For example, LSC estimated that grantees would need assistance from independent auditors, at a cost of $482,630 for the first year, to help grantees implement the functional-reporting requirement. This estimate is based on an assumption by LSC's former comptroller that auditor assistance will increase 22.5 percent in the first year.

Most of the costs in PAG's estimate are based on the opinions obtained in April and May 1986 from 39 grantee officials (program directors and administrators). PAG distributed a questionnaire on the costs of certain elements of the functional-reporting requirement to grantee officials attending several training sessions. We were told that these officials completed the questionnaire from memory since all but two were filled out before leaving the training sessions. In addition, these officials were not required to provide documentation to support their estimates. When we questioned PAG's representative who administered the questionnaire about the basis for specific costs in PAG's estimate, he could not tell us what factors the officials had considered in filling out the questionnaire.

Many of the differences in LSC's and PAG's estimates could be eliminated by using better and more accurate cost-estimating techniques. For example, LSC estimates that it will cost $1,676,400 for attorneys and paralegals to fill out time records each year. PAG estimates $7,905,044 for the same activity, a difference of over $6 million. LSC's estimate is based, in part, on an assumption that attorneys and paralegals spend 5 minutes a day filling out time cards; PAG estimates 15 minutes. Both LSC and PAG indicated that their estimates are not based on studies of the actual time involved in filling out time cards.

Another example of a major cost difference is the time estimated for administrative personnel to record and process timekeeping information. LSC's estimate for this activity is $227,925; PAG estimates $4,774,863, a difference of about $4.5 million. Again, neither estimate is based on a systematic analysis of the actual time involved in processing the information.

LSC's estimated cost for the time that grantees would spend recording and processing timekeeping information is based on an estimate made by LSC's former comptroller. According to him, he made his estimate by extrapolating information from an LSC study of the time required to enter case information into an automated CSR system; using the study's conclusion—all CSR information could be entered within 2-1/2 minutes—he assumed that it would take about 1 minute to key in timekeeping information.

When we asked for a copy of this study, LSC could only locate a reference to it in a letter from the director, Office of Information Management, which stated, "It is estimated that the average LSC Field Program [field grantee] would require 35-42 minutes key entry time to enter all their CSR data into the microcomputer each month."[4] Because LSC was unable to provide us with any information on the study, we were unable to review its methodology to determine the validity of the former comptroller's estimate. PAG's estimate of administrative time to record and process timekeeping information is based on its questionnaire responses; PAG was unable to tell us what factors the grantees considered in estimating the cost.

If more accurate estimating methods had been used for the two cost elements discussed above—the cost for attorneys to fill out time cards and the cost for administrative personnel to record and process timekeeping information—LSC would be able to better explain the $10.7 million difference between the two estimates. These two elements alone account for about 77 percent of the total difference between the two cost estimates in the first year and 94 percent for the following years.

[4]LSC memorandum, "Case Service Reports and Computers" (Aug. 30, 1985), p. 5.

Conclusions, Recommendations, and Agency Comments and Our Evaluation

Conclusions

Timekeeping and functional reporting are valuable management tools for evaluating program performance and controlling costs. In an attempt to implement these proposed improvements in a short period of time, however, LSC did not adequately carry out many essential design and development activities for implementing an effective management information system. It did not

- determine the needs of those who would use the information and what data had to be collected to meet those needs,
- fully define and document the objectives and functions, or
- develop a plan for an orderly design, development, and implementation process.

LSC also did not identify and document, before adopting its timekeeping and functional-reporting requirements, the benefits to be derived (and by whom) or the costs of implementing and maintaining the system.

Because LSC did not carry out many essential design and development activities, LSC cannot

- support the need for a timekeeping requirement at the level of detail proposed,
- explain how it will use timekeeping and functional-reporting information to improve its ability to monitor grantee performance, or
- assure that grantees will use timekeeping and functional-reporting information to better manage their programs and achieve the benefits LSC projects.

Finally, in developing cost estimates for timekeeping and functional reporting, LSC and PAG did little systematic analysis. Instead, both estimates are based primarily on the opinions of LSC and grantee officials. Because these estimates are not based on systematic analytical techniques with detailed support, we were unable to verify the validity of either one.

Recommendations to the President of LSC

Before proceeding with implementing CSR automation, timekeeping, and functional reporting, we recommend that you, in conjunction with grantees (1) determine what information LSC and grantees need to better monitor and manage grantee programs, (2) establish objectives and functions for its management information system, (3) use systematic analytical techniques to assess the costs of such a system, and (4) prepare a plan for an orderly design, development, and implementation process. In carrying out the above activities, you should seek the involvement of management information system specialists to better assure these activities are conducted in a manner consistent with standard system development practices.

Agency Comments and Our Evaluation

LSC, in its November 25, 1987, letter commenting on a draft of this report, referred to a number of design and development activities it had undertaken to automate CSR and develop timekeeping and functional-reporting requirements (see app. I, pp. 38-45).[1] According to LSC, we did not take these efforts into account in concluding that LSC did not adequately carry out "essential design and development activities for implementing an effective management information system." LSC describes these activities as actions that it has already taken to satisfy our recommendations.

During our review, we examined documentation supporting each of the activities LSC referred to in its comments. Following receipt of LSC's comments, we reexamined this documentation and believe that we have reviewed all relevant material. The documentation provided by LSC in support of its design and development efforts does not conform to information-processing guidelines developed for the federal government by the National Bureau of Standards. Although LSC is not required to follow these guidelines, the guidelines describe the content and extent of documentation required for planning, designing, developing, and implementing computer programs and automated data systems, such as that proposed by LSC.[2]

In addition, these activities alone are not adequate because they lack the in-depth analysis necessary to assure the implementation of an effective management information system. For example, LSC presents a number of activities in support of its position that assessments and evaluations were adequately performed. Our review of these activities, however, showed them to be of limited value because conclusions were based on either

[1] In addition to the general comments included in appendix I, LSC addressed the same concerns in commenting on specific pages of the draft report. Because of the length and repetitive nature of these page-specific comments (referred to by LSC as Exhibit A), we did not include them in our report.

[2] U.S. Department of Commerce, National Bureau of Standards, "Guidelines for Documentation of Computer Programs and Automated Data Systems for the Initiation Phase" (Aug. 1, 1979).

- discussions or presentations that were general in nature and not specific assessments of LSC or grantee operations,
- opinions rather than detailed analysis of actual operations or information needs, or
- information from a limited number of grantees (only one grantee in one instance).

We believe, however, that LSC's actions represent a good start in (1) exploring LSC and grantee management information needs and (2) identifying potential uses and benefits of an automated CSR, timekeeping, and functional reporting. A discussion of the major design and development activities identified in LSC's comments and their shortcomings follows.

LSC refers to a 1983-84 study done for LSC by Kansas Legal Services, an LSC grantee; LSC identifies the study as a "comprehensive" study of timekeeping in which LSC "evaluated the specific information needs of its grantees." The study, however, collected data on attorney time from only one grantee—Kansas Legal Services—and does not provide nationwide representation of grantee programs. The study also developed a beginning data base on which to build further evaluations. Thus, we do not believe this study represents the information needs of all LSC grantees since grantee size and operations vary. In fact, the study itself concludes,

> "The data from the limited six month study is useful as a beginning base for our planning and to provide the Legal Services Corporation with data relative to the Kansas program. We do not feel that it is appropriate to draw any conclusions as to whether the data could support a general . . . system analysis on a national basis."

LSC stated that the chronology presented in chapter 2 of the draft report was incomplete because we did not include all of the activities undertaken by LSC. An example that LSC provided is an August 1984 joint meeting between LSC staff and field program representatives where "proposed modifications to the CSR were evaluated and the information needs of LSC and grantees was clearly identified." We did not include a discussion of this meeting in our draft report because we were unable to obtain sufficient information from LSC on the relationship between this meeting and LSC's proposed improvements. Although LSC's record of this meeting briefly summarizes the discussion that occurred among LSC staff members (who manage CSR and evaluate grantee operations) and representatives for three grantees, the record does not identify the meeting's purpose or relate any results to LSC's attempts to automate CSR and develop a timekeeping requirement. In response to LSC's comments, we requested such information, but LSC did not provide it.

LSC refers to two other meetings held between LSC staff (who manage CSR and evaluate grantee operations) and a small number of grantees. LSC portrays these meetings as assessments and evaluations of CSR automation, timekeeping, and functional reporting. LSC stated that during these meetings it (1) evaluated LSC and grantee information needs, (2) developed design specifications, and (3) evaluated benefits.

LSC held the first meeting, referred to as a Pre-Test Programs Meeting, in June 1985 to discuss the experiences of a group of six grantees who pretested a new format for entering data in the manual, not automated, CSR system. Minutes of this meeting show that automating CSR and timekeeping, were, in fact, items discussed. Concerning automating the manual CSR system,

> "One group member suggested that the ideal situation with regard to changing the submission of CSR information would be first to bring all field programs up to a specified level of automation."

As to the recording of time information, the group noted that "one-half of the group members currently collect time data in some fashion. It was estimated that at least one-half of all field programs currently collect some form of time data." These estimates were based on group member opinions.

The second meeting LSC mentions is that of the CSR Advisory Panel, including LSC staff members and representatives from 10 grantees. According to LSC, this meeting demonstrated that it had evaluated the benefits of the revised CSR system and timekeeping. The minutes of this meeting reveal that a general discussion of CSR automation and timekeeping took place, which, in our view, does not constitute an evaluation of benefits. The following excerpt from the minutes of this meeting reflects the general nature of the discussion about CSR automation:

> "The group first discussed the various levels of automation currently employed by LSC field programs. Although it was estimated at first that approximately one-half of the programs may be automated, it was noted that many of these systems are very limited. After further discussion, it was estimated that at best one-quarter of the programs are utilizing some type of computer system in conjunction with CSR reporting."

Timekeeping was also discussed at the CSR Advisory Panel meeting, but only briefly. According to the minutes, "[w]hile panel members agreed that such data may be useful for internal program management, members were generally against the submission of time data to LSC." Panel members discussed their own timekeeping experiences and those of the grantees who participated in the Pre-Test Programs Meeting. According to the minutes of this meeting, however, the panel members concluded that they "had no clear consensus with regard to this issue. Panel members agreed that this matter . . . should be reconsidered when a clearer direction is issued by the LSC Board."

We agree that automating CSR and timekeeping were issues raised during each of these meetings. In both instances, these issues were discussed among LSC staff and a small number of grantees; functional reporting was not discussed. During these meetings, grantee representatives expressed their views and LSC staff made projections as a result of these discussions. Although these discussions are a start in identifying areas for further review and analysis, we do not believe they were comprehensive enough, as LSC maintains, to adequately support implementing CSR automation and timekeeping.

In its comments, LSC also refers to two pretests and a timekeeping survey as development efforts for an automated CSR, timekeeping, and functional reporting. The first pretest, which was conducted between November 1984 and January 1985, included six grantees who pretested a new format for entering data into the manual CSR system. It was not a pretest for the automated CSR system, timekeeping, or functional reporting. The second pretest, according to LSC, was conducted in January 1986 to "fine-tune" the software for the automated CSR system. The software tested, however, was only capable of accepting and storing information. Software for analyzing the information and producing reports had not been designed.

LSC refers to a timekeeping survey conducted in May 1986, 8 months after timekeeping was adopted, as an activity where it assessed information needs. According to LSC's former comptroller, however, the survey was performed to determine how many grantees already had timekeeping systems that would satisfy the proposed requirement. This information was to be used to revise LSC's cost estimate for timekeeping. The survey was not intended to assess the information needs of LSC or grantees, and it did not address what might be a suitable or practical timekeeping increment. At the request of the Senate Appropriations Subcommittee on Commerce, Justice, State, the Judiciary, and Related

Agencies, LSC conducted this survey. The request was made after an LSC meeting with the Subcommittee staff during which the reliability of the information LSC was using to determine cost was questioned.

The May 1986 survey consisted of a questionnaire sent only to those grantees whose re-funding applications had indicated that they kept some form of time records on a regular basis. These grantees represented less than one-half of all grantees. LSC asked these grantees to provide examples of existing time records, but LSC did not ask them to determine their information needs in relation to automating CSR, timekeeping, or functional reporting.

LSC refers to a paper on functional reporting and its subsequent presentation to the LSC board on October 10, 1985, as an activity assessing the benefits of functional reporting. This paper was prepared for LSC by the accounting firm of Arthur Young and Company, which also presented it to the LSC board. We reviewed both the paper and transcripts of Arthur Young's presentation and found them to be general discussions of functional reporting. Neither the paper nor the transcripts provided an analysis of functional reporting as it would be used in LSC or grantee operations. In fact, the Arthur Young official, quoted in the minutes of the meeting, stated that he "had only looked at one financial statement" prepared by an LSC grantee.

The Arthur Young paper addresses functional reporting in light of guidance provided by AICPA for nonprofit organizations. The paper also identifies the general advantages and disadvantages of functional reporting and provides examples of functional reporting in other nonprofit organizations. We believe that this paper is useful as LSC's initial attempt to examine functional reporting; we do not, however, believe that this paper constitutes an adequate assessment of the uses and benefits of functional reporting by LSC and its grantees because it does not assess how functional reporting would be used to improve LSC and grantee operations.

In commenting on our recommendations, LSC stated that it had (1) established objectives and functions for its management information system, (2) assessed the benefits and costs of timekeeping and functional reporting before adopting them as requirements, and (3) formulated design and development plans. During our review, we asked for documentation supporting such efforts, but LSC could not provide it. In response to LSC's comments, we once again requested copies of its plans and assessments.

LSC, however, only provided internal memorandums, briefing papers, and minutes of meetings.

In commenting on our recommendation that LSC use systematic, analytical techniques to assess costs, LSC simply responded that "analytical techniques were used." During our review, we examined LSC's efforts to develop its cost estimate. We looked for LSC's use of cost-estimating techniques, such as time and motion studies or demonstration projects of actual implementation. As discussed on pages 25-28 of this report, we found that for the most part, LSC used opinions and assumptions to develop its cost estimates. We continue to believe that there is a need for LSC to use a more systematic approach in determining costs, especially in determining the time it takes to fill out time records and process time information.

In commenting on grantee use of timekeeping and functional-reporting information, LSC stated that field program managers would use the resulting information to manage their programs because the benefits of timekeeping and functional reporting are "self evident." LSC stated that "GAO presents no reason to question why the program grantees would not take advantage of the benefits from timekeeping, revised CSR, and functional accounting [reporting] information."

We agree that grantees could benefit from the use of timekeeping and functional-reporting information in managing their operations. To assure that an information system is designed effectively and serves as a useful management tool for all users, however, requires that users be involved throughout the development process. If LSC expects grantees to use the information to achieve the potential benefits it has identified, LSC must involve the users. But during our review, we found limited user involvement.

One of the most important activities in the development process, for example, is defining and documenting users' information needs and operational requirements. During this process (1) the nature, scope, and objectives of the project should be clearly stated and documented, (2) user interviews should be conducted, (3) existing and new information needs in user operations should be defined and analyzed, and (4) a requirements document should be prepared and subjected to management review and approval. These activities are essential for ensuring that the system will provide the information users need in the right form and in a timely fashion. LSC could not provide adequate documentation to demonstrate that the above activities had been carried out.

Finally, LSC commented that the automated CSR, timekeeping, and functional reporting were developed simultaneously, offering identifiable time and cost efficiencies that would have been sacrificed if development of each had proceeded independently of the others. LSC stated that the interrelationships between the proposed improvements and the benefits arising from their simultaneous development were important to LSC's decision not to proceed with automating CSR. During our review, however, we found no documentation showing that LSC had examined time and cost efficiencies of simultaneously automating CSR and developing timekeeping and functional reporting. In addition, in completing our report, we requested that LSC provide information describing the time and cost efficiencies it had identified. In response to this request, LSC provided a memorandum from the CSR project leader containing briefing notes on various LSC efforts. The briefing notes do not, however, identify time and cost efficiencies of simultaneously automating CSR and developing timekeeping and functional reporting.

We believe that the successful implementation of an effective management information system cannot be assured in the absence of certain essential design and development activities. Such activities include determining the information needs of those who will use the information; defining and documenting system objectives and functions; and developing a plan for an orderly design, development, and implementation process. We examined documentation supporting each of the activities referred to in LSC's comments before preparing our report. In considering LSC's comments, we found no additional evidence that would change our opinion. Although the activities LSC has already undertaken represent initial steps in the right direction, they do not provide the necessary in-depth approach to system design and development, as shown above, that would assure the implementation of a successful information system.

LSC's board of directors requested that we assist corporate staff in implementing the revised CSR system and its timekeeping and functional-reporting requirements. One of GAO's primary responsibilities is to assess the extent to which federal programs are achieving their intended purposes; a programming organization, such as LSC, is responsible for determining the manner in which activities are to be carried out. To preserve its role as an independent audit agency, GAO does not generally participate in program design, development, or implementation activities.

We believe LSC's position—that the activities discussed in its comments are adequate for assuring successful system implementation—indicates a basic lack of understanding about the design and development efforts needed to assure an effective management information system. Before proceeding with system design, development, and implementation, LSC should seek the appropriate technical assistance of management information specialists to guide it in carrying out our recommendations. We have modified our recommendation accordingly to reflect this need.

In its November 25, 1987, comments on a draft of our report, PAG indicated its general agreement with the report's findings and conclusions: "The recommendation of GAO—that before deciding to implement timekeeping and functional reporting, LSC must first examine . . . the potential benefits and likely costs—has been our central concern from the beginning." PAG indicated its continued willingness to help in determining what management information system will best utilize scarce federal dollars.

Comments From the Legal Services Corporation

LEGAL SERVICES CORPORATION
400 Virginia Ave., S.W., Washington, D.C. 20024-2751

John H. Bayly, Jr.
President

Writer's Direct Telephone
(202) 863-1837

November 25, 1987

<u>HAND-DELIVERED</u>

Richard L. Fogel
Assistant Comptroller General
Human Resources Division
U.S. General Accounting Office
Room 6864
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Fogel:

I thank you for offering the Legal Services Corporation an opportunity to comment on the General Accounting Office's draft report, "Legal Services Corporation -- Management Information System Improvement: Cost and Benefits Not Clear." Enclosed for your review is a copy of LSC's comments as well as a copy of the transcribed proceedings held in the executive session before the LSC Board of Directors on November 19, 1987.

The Board of Directors appreciated having an opportunity at its executive session to discuss the GAO's findings with Ms. Susan Higgins and Mr. George Peck. In addition, the Board has requested the GAO to assist corporate staff in implementing the revised case service reporting, timekeeping and functional reporting systems. Your help in this matter would greatly assist the Corporation and would promote the effective and efficient delivery of legal services to needy members of our communities.

Please let me know if you would like to be provided with further information. I thank you again for the valuable and very generous assistance afforded the Corporation by your staff.

Very truly yours,

John H. Bayly, Jr.

John H. Bayly, Jr.
President

Enclosure
cc: Susan Higgins

**LEGAL SERVICES CORPORATION'S COMMENTS
TO THE GENERAL ACCOUNTING OFFICE'S DRAFT REPORT ENTITLED
"LEGAL SERVICES CORPORATION -- MANAGEMENT INFORMATION
SYSTEM IMPROVEMENTS: COSTS AND BENEFITS NOT CLEAR"**

The Legal Services Corporation (LSC) has formulated several comments to the General Accounting Office's (GAO) draft report entitled "Legal Services Corporation -- Management Information System Improvements: Costs and Benefits Not Clear." They are presented herein in two parts. The first part sets forth comments regarding the value of the case service reporting (CSR), timekeeping and functional reporting systems. The second part presents LSC's remarks regarding the GAO's draft report findings.

PART I: Comments Regarding the Value of the Case Service Reporting, Timekeeping and Functional Reporting Systems

A. The GAO's draft report findings show that the GAO and LSC share a common appreciation for the management value of timekeeping and functional reporting systems. The draft report states:

> Timekeeping and functional reporting information are valuable management tools for evaluating program performance and controlling costs. In a February 1985 report, we stated that government financial reports often do not paint a clear enough picture of costs for effective program management. We indicated that cost-basis (functional) reporting is essential in determining the cost of delivered services. It can be used to compare costs of similar operations across units of government, produce more accurate budget estimates based on actual past program and project costs, measure the input of cost and the output of performance, and increase accountability for the management of public funds. (p. 26 citing from the U.S. General Accounting Office, Managing the Cost of Government: Building an Effective Financial Management Structure, GAO/AFMD - 85-35, February 1985, pp. 4-5.)

Now on pp 24-25

In sum, the GAO and LSC conclude that timekeeping and functional reporting are "valuable management tools for evaluating program performance and controlling costs" (p. 38).

Now on p 29

-2-

B. Beginning in October 1983, LSC undertook several development efforts to independently assess the value of the revised CSR, timekeeping and functional reporting systems. In the first instance, of course, LSC was concerned about enhancing its ability to discharge the oversight and compliance mandate it had received from Congress and to assist its grantees in advancing more effective and efficient provision of legal services to needy members of our communities. Potential values were also evaluated in terms of resulting uses and benefits that would accrue to local boards and field programs as well as Congress. Each effort reaffirmed values of the systems for the Corporation. Ultimately, after more than a year of internal review, the LSC Board of Directors formally adopted policies endorsing a move toward implementing the revised CSR, timekeeping and functional reporting systems.

The CSR, timekeeping and functional reporting development efforts evolved simultaneously. From October 1983 to March 1984, Kansas Legal Services undertook a comprehensive analysis of staff attorneys' time and activities in a statewide delivery system. After the study was concluded for LSC, Kansas Legal Services found timekeeping to be an invaluable management tool, making it possible to document its use of resources. In late 1984, the Corporation conducted a pre-test of proposed CSR modifications and evaluated the benefits of functional reporting. Functional reporting was first brought to staff's attention by various field programs that had produced statements relating expenditures to local priorities. Timekeeping was added to the system because it was recognized that it would contribute to more precise functional reporting statements. In addition, the collection of time data was needed to promote individual incentives and improve local management.

During the summer of 1985, the revised CSR and a timekeeping component to that system were reviewed by Corporation staff and field representatives. A CSR panel was convened to discuss the benefits and uses of the systems. After the LSC Board adopted policies to move toward implementation of all three systems, Corporation staff began automating the local programs, conducted a pre-test to fine-tune the CSR software, developed functional reporting guidelines, and prepared training for field program staff during the early months of 1986.

The above-described efforts proved that the revised CSR, timekeeping and functional reporting information could be used by the LSC Board to insure the grantees' economical and effective expenditure of federal funds, in compliance with the LSC Act. This was, and continues to be, the primary function of those systems. The resulting information would be analyzed in a manner similar to annual audits and current CSR data. The Office of Monitoring, Audit and Compliance routinely evaluates such

-3-

information for monitoring visit preparation and to assess the efficiency and effectiveness of grantee service delivery. See LSC's "Response to the GAO's Inquiry Regarding Functional Reporting, Timekeeping, and Case Service Reporting (CSR)," June 2, 1987, for a discussion of the monitoring uses of such information and the resulting benefits which can accrue to the LSC Board of Directors and Congress.

The functional value of the systems at the local level is significant as well. Section 1007(a)(2)(C) of the LSC Act, as amended, and the implementing regulation, 45 C.F.R. Part 1620, require LSC grantees to adopt procedures for determining priorities in allocating resources. Revised CSR, timekeeping and functional reporting data inform local boards as to whether service delivery conforms with each program's priorities. Thus, the local management function of the information is self-evident in that the user need is one created, in part, by statute and regulation.

During the development process, LSC found that the revised CSR, timekeeping and functional reporting systems were of general as well as specific value to the Corporation. In addition to confirming the premise that timekeeping and functional reporting would produce the general GAO-identified benefits, the Corporation found that the systems would yield a multiplicity of benefits which could be uniquely enjoyed by LSC and its grantees. The GAO identifies some of those specific benefits on page 30 of the draft report.

In late 1985, the LSC Board adopted policies towards implementing the revised CSR, timekeeping and functional reporting systems. LSC's authority to impose those systems on its recipients and grantees is rooted in Sections 1007(a)(3) and 1008(a) of the LSC Act. These provisions reflect the Act's fundamental concern, expressed directly and indirectly throughout its provisions, with the delivery of "high quality" legal services. See 42 U.S.C. Section 2996, 1001(2) and (6); 2996f, 1007(a)(1); and 2996(e), 1006(b)(3).

Section 1008(a) authorizes the Corporation "to require any reports it deems necessary from any grantee regarding activities carried out pursuant to" the Act. 42 U.S.C. Section 2996g, 1008(a). Section 1007(a)(3) requires the Corporation to "insure that grants and contracts are made so as to provide the most economical and effective delivery of legal assistance." 42 U.S.C. Section 2996f, 1007(a)(3). The Corporation thus has the authority and the obligation to require production of data to ensure that federal funds are used to provide the most economical and effective services possible. The Corporation has always viewed the revised CSR, timekeeping and functional reporting as valuable administrative tools that could help it meet its obligation in this regard.

PART II: LSC's Remarks to the GAO's Draft Report

The Legal Services Corporation would appreciate further clarification of the GAO's findings regarding the following:

Now on pp 19, 22, 23

A. The GAO found certain aspects of LSC's case service reporting, timekeeping and functional reporting systems to be "not adequate" (pp. 19, 25, 31). It would be helpful to LSC if the GAO would provide more specifics as to why the proposed requirements were deemed to be inadequate.

B. The revised CSR, timekeeping and functional reporting are interrelated systems designed to improve LSC's ability to monitor its grantees' performance. Each system has overlapping purposes and functions. The GAO draft report findings should reflect this so as to enhance the accuracy of discussions regarding the uses, benefits and development of each system.

In a June 20, 1986 memorandum to the Manager of LSC's Division of Policy Development, the Manager of LSC's Program Development and Substantive Support Division describes the interrelationship among the systems as follows:

> It is clear that the linkage between an improved CSR, the purchase of computers, [and] the addition of timekeeping as part of CSR, is a program package. It has a cost; it has a benefit; but the costs associated with computerization and timekeeping provide greater benefits than just enhancement of CSR....[T]he computers and timekeeping make functional accounting a cost-effective enterprise, something worthy of consideration by the Corporation and the Corporation's Board (p.11).

The CSR, timekeeping and functional reporting systems were developed simultaneously. This offered identifiable time and cost efficiencies which would otherwise have been sacrificed if development of each system had proceeded independently of the others.

Now on pp. 17-18

The interrelationship among the proposed systems and the benefits arising from their simultaneous development are important in light of the GAO's findings regarding LSC's decision not to proceed with the refined, automated CSR (pp. 17-18). In October 1986, the Corporation was granted

-5-

congressional permission to complete the purchase and delivery of the CSR computer hardware to the field programs. However, the timekeeping and functional reporting development suspensions imposed on March 12, 1986 have remained in effect to date. The Corporation has not proceeded to impose the new CSR requirements because issues pending the GAO's review could have an ultimate impact on implementation. As the last of the computers was delivered in late 1986, it appeared reasonable to await the GAO's review, initiated in January 1987, before proceeding. In addition, because the revised CSR, timekeeping and functional reporting are interrelated, the Corporation did not want to risk an appearance of impropriety by proceeding with the CSR while the timekeeping and functional reporting suspensions were in effect.

Now on p. 23

C. The GAO report states that the benefits of timekeeping and functional reporting were not articulated until "December 1986 with additional information prepared in June 1987" (p. 28). However, LSC's June 1987 memorandum merely compiles and re-articulates many of the benefits expressed previously, from as early as an October 1983 field program study on attorney timekeeping.

The above-identified December 1986 and June 1987 dates were dates on which LSC drafted memoranda in specific response to GAO requests for information. The following references demonstrate that benefits of the revised CSR, timekeeping and functional reporting systems were recognized and evaluated prior to December 1986:

1. Timekeeping was evaluated as a possible component of the revised CSR in August 1984. At that time, LSC's Office of Program Development recommended that the CSR include the time spent by program staff on each case. This data would allow the Corporation to determine the cost and time spent per case and to compare the effectiveness of various delivery models.

2. Following a pre-test of potential CSR revisions, a CSR advisory panel was formed in April 1985 to compile a range of options for improving the CSR system. This panel was composed of representatives from field programs and LSC regional offices.

   After discussing the usefulness of time data at its first meeting in July 1985, the panel "concluded that although the use of [time] data can be a potentially misleading indicator when used alone, it can be helpful when linked to local on-site evaluation and monitoring reports and with a long-term knowledge of the program's history" ("Staff Report on the CSR Advisory Panel Meeting," July 1, 1985, p.6).

-6-

3. The LSC Board Committee on Audit and Appropriations received testimony regarding the advantages and disadvantages of functional reporting at its October 11, 1985 meeting. According to Joseph Donlon, a principal with the accounting firm of Arthur Young,

> the primary advantage of the functional expense statement over the current object class type statement is the amount of additional information and control that is provided to the recipient organizations, LSC, and all third parties. The additional functional expense data is an excellent tool for management at all levels (Minutes, p. 7).

4. In a June 20, 1986 memorandum to the Manager of the Division of Policy Development, the Manager of Program Development and Substantive Support points out the benefits of timekeeping and the revised CSR:

> ...timekeeping was felt to be not just an appropriate 'weighting' measure, but an 'actual' measure related to the cost and quality of delivery of legal services. [LSC staff] also felt it was an appropriate management tool for the individual practitioner and the supervising attorney or program (p.4).
>
> * * *
>
> The new CSR system and computer program facilitate[s] timekeeping and it provides a resource to aid in word processing, accounting, access to research information, and therefore serves a multiplicity of functions for the single cost of a reform in this important program (pp. 4-5).

LSC was aware of and had evaluated the benefits of the CSR, timekeeping and functional reporting systems prior to December 1986. Thus, it is recommended that the GAO's draft report be revised to reflect the above-quoted excerpts.

-7-

D. In response to requests from five members of Congress, the GAO presents a chronology entitled, "LSC Attempts to Implement an Improved Management Information System," (Chapter 2). This chronology, however, is not complete because it does not reflect the full extent of the essential design and development activities undertaken by the Corporation. For example, an August 1984 joint meeting between LSC staff and field program representatives is not described. At that meeting, proposed modifications to the CSR were evaluated and both Corporation and field program information needs were clearly identified. The reporting of new CSR information was pre-tested from November 1984 to January 1985. The pre-test field participants met to recommend additional changes and to discuss the possibility of expanding the CSR so as to include the collection of time data. These activities are, likewise, not reflected in the draft report.

E. The GAO does not fully evaluate the Corporation's progress towards meeting its identified objectives because they were not first cast as "information needs." However, the imperative to conduct a formal information needs assessment was not recognized because LSC's historical lack of a data base was obvious. It was also apparent that the benefits of the systems would address this deficiency.

Comments From the Project Advisory Group

PROJECT ADVISORY GROUP
THE NATIONAL ORGANIZATION OF LEGAL SERVICES PROGRAMS

LILLIAN JOHNSON, CHAIRPERSON
COMMUNITY LEGAL SERVICES
PHOENIX ARIZONA
(602) 258 3434

PEGGY SANTOS, VICE-CHAIRPERSON
MASSACHUSETTS LAW REFORM INSTITUTE
BOSTON MASSACHUSETTS
(617) 742-9250

JOHN MOLA, VICE-CHAIRPERSON
RHODE ISLAND LEGAL SERVICES
PROVIDENCE RHODE ISLAND
(401) 274-2652

GLORIA GRAVES, SECRETARY TREASURER
MISSISSIPPI LEGAL SERVICES COALITION
JACKSON MISSISSIPPI
(601) 944-0765

WASHINGTON OFFICE
1029 VERMONT AVE N W
SUITE 860
WASHINGTON D C 20005
(202) 347 9471
INFORMATION HOTLINE
1-800-231-7536

MARTHA BERGMARK
PROJECT COORDINATOR

November 25, 1987

Mr. Richard Fogel
Assistant Comptroller General
General Accounting Office
Room 6864
441 G St., N.W.
Washington, D.C. 20548

Re: Legal Services Corporation:
Management Information System Improvement:
Costs and Benefits Not Adequately Documented
GAO/HRD-88-05

Dear Mr. Fogel:

The Project Advisory Group represents the recipients of Legal Services Corporation funding, together with their directors, lawyers, paralegals and clients. We were interviewed and provided extensive information to the GAO staff who prepared the Draft Proposed Report noted above. We have reviewed the Draft and appreciate the opportunity afforded to us to make two comments.

First, we commend GAO and its staff for this careful examination of LSC's badly flawed attempt to mandate functional accounting and timekeeping, and we endorse the Draft's findings and conclusions. While we could quibble with some points of emphasis or interpretation, we see no reason to do so.

The recommendation of GAO -- that before deciding to implement timekeeping and functional reporting, LSC must first examine, with PAG, the potential benefits and likely costs -- has been our central concern from the beginning. If LSC will finally listen, and will enter into a good faith exploration of these issues, PAG continues to stand ready to help in the process of determining what management information systems will best utilize scarce federal dollars to serve the poor.

Second, the Draft could be read by some to imply that the LSC Board's errors in the fall of 1985 were errors of omission. This would be incorrect. From the first suggestion that functional accounting, supported by detailed timekeeping, might be required, PAG has repeatedly recommended to both the Board and its committees, in writing and orally, that cost and benefit analysis should precede any decision. The Board heard these statements and consciously chose to ignore them.

Mr. Richard Fogel
November 24, 1987
page 2

It is true that the staff did not meet its responsibilities for planning, developing and implementing the new systems very well. But it is apparent from the transcripts of the Board and committee meetings held in October and November of 1985 that a majority of the Board was not interested in any proper analysis before imposing the requirements. The Board's decisions led the staff into trouble; the Board's errors were intentional acts of commission, not oversight. The Board, as a fiduciary of federal funds, willingly committed millions of dollars without any demonstrated interest in establishing either the costs or the benefits that would accrue.

PAG believes that GAO should more clearly indicate to the Congress that the LSC Board was directly, knowingly and primarily responsible for the absence of proper management documented in the Draft Proposed Report.

Sincerely,

Martha Bergmark, Esq.
Project Coordinator

cc.: Susan Higgins
General Accounting Office
Room N-1657
Department of Labor Building
200 Independence Ave., N.W.
Washington, D.C. 20210

☆U.S. G.P.O. 1988-201-749:80001

Requests for copies of GAO publications should be sent to:

U.S. General Accounting Office
Post Office Box 6015
Gaithersburg, Maryland 20877

Telephone 202-275-6241

The first five copies of each publication are free. Additional copies are $2.00 each.

There is a 25% discount on orders for 100 or more copies mailed to a single address.

Orders must be prepaid by cash or by check or money order made out to the Superintendent of Documents.

United States
General Accounting Office
Washington, D.C. 20548

Official Business
Penalty for Private Use $300

First-Class Mail
Postage & Fees Paid
GAO
Permit No. G100