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IN REPLY REFER TO

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June 11, 1971

Mr. A. Alan Post, Legislative Analyst
Room 306
State Capitol
Sacramento, California 95814



Dear Mr. Post:

In your letter to the Comptroller General dated July 30, 1970, you suggested that the General Accounting Office study the possibility of economies through the purchase of computer requirements from State computer facilities rather than by separate acquisitions of new equipment. You indicated that Federal requirements may be unduly restrictive and tend to mandate the acquisition of dedicated computers for State operated Federal programs and projects.

In order to evaluate the controls to prevent the unnecessary acquisition of ADP equipment, we reviewed at the University of California, Berkeley, and the California Department of Human Resources Development (HRD), the policies and procedures regarding the acquisition of computers financed either wholly or in part with Federal funds. We also obtained from the Department of Health, Education, and Welfare, the National Aeronautics and Space Administration, and the National Science Foundation, information regarding the Federal policies and procedures used for funding ADP equipment provided to grantees.

Our review included dedicated and non-dedicated computers. Most of the dedicated computers were used for scientific research and their use was related to specific research programs or projects. The non-dedicated computers were used for a variety of applications and were located in computer service centers. We did not make detailed analyses of the use made of the computers.

The University of California, Berkeley, has had for more than 5 years a policy that, prior to acquiring any computers, a review be made at the campus level by the Vice Chancellor for Research to determine whether the acquisition is necessary. During this review consideration is given to whether existing or planned computer facilities on the campus would satisfy requirements.

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In addition to the review at the campus level, since March 1969 the Office of Vice President, Business and Finance, has been reviewing and approving requests for ADP purchases amounting to \$100,000 or more and ADP rentals amounting to \$2,500 or more a month. During this review a determination is made of whether an acquisition at any of the nine campuses of the University will result in the unnecessary duplication of computing facilities.

Officials of the Federal agencies included in our review told us that, although requests for computers may be included in grant applications, the agencies generally do not specify to grantees whether computers are to be acquired or used in carrying out grant projects. They advised us that reviews are made of grant applications and that requests for grant funds to acquire computers are evaluated in the same manner as requests for funds for other purposes. In this connection, we were advised by the Vice Chancellor for Research at the University of California, Berkeley, that he had never been pressured by a Federal agency into acquiring a dedicated computer.

Federal officials also advised us that most dedicated computers are used in scientific research and usually cost less than \$50,000. Such computers generally are used in projects that are not amenable to computer sharing.

The Department of Human Resources Development operates its own computing facilities and also purchases computing services from the California Department of General Services. The U.S. Department of Labor, which provides funds to HRD, has a policy which encourages the sale of unused computer time to Federal, State, and local governments. We observed that a new system currently under consideration for acquisition by HRD, is planned to accomplish HRD's anticipated workload on a 5-day, 2-shift basis, which indicates that there will be capacity available for sharing.

In summary, our review indicated that (1) Federal agencies have not established requirements which tend to mandate the acquisition of dedicated computers, and (2) review procedures exist at both the Federal and non-Federal levels to minimize unnecessary acquisitions of computers.

Mr. A. Alan Post

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We recognize that because of its limited scope, our review is not a basis for a broad conclusion that there are no opportunities for economies of the nature suggested in your letter. We are currently looking into the sharing of ADP equipment operated by the Federal Government and, as part of the review, we will consider further your statements regarding the funding of computers used by Federal grantees.

If you care to discuss these matters or if we can otherwise be of assistance, please let us know.

Sincerely yours,

Kenneth A. Pollock
Acting Regional Manager

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