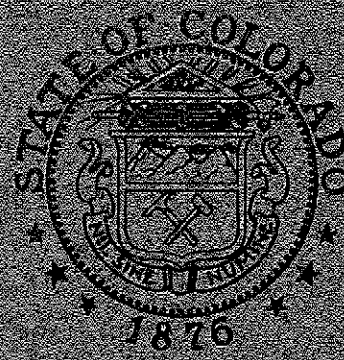


ADM 6.2/R32/1975

2

Follow-up *ADP Report*



ADP Performance Evaluation of the Department of Revenue Data Processing Activities

DEPARTMENT OF ADMINISTRATION
Prepared by
State ADP Plans & Coordination Section
April 1975

FOLLOW-UP ADP REPORT
ADP PERFORMANCE EVALUATION OF
THE DEPARTMENT OF REVENUE
DATA PROCESSING ACTIVITIES

Department of Administration

Prepared by:
State ADP Plans & Coordination Section
April 1975

(Retyped in order to be filmed)

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Copies of this report have been distributed to:

Honorable Richard D. Lamm	(1)
Department of Revenue	(4)
Department of Administration	(2)
State Archivist	(2)
Legislative Audit Committee	(4)
Joint Budget Committee	(8)
Office of Budgeting & Planning	(5)
Management Analysis Section	(1)

FOLLOW-UP RECOMMENDATIONS

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DEPARTMENT OF REVENUE

Follow-up to ADP Performance Evaluation Report - Jan. 1974

I. BACKGROUND

An ADP Performance Evaluation of the Department of Revenue was conducted by the Division of ADP during October, November and December, 1973 and a report issued in January, 1974. On December 17, 1974 the Department of Revenue was requested to review the report and provide written comments regarding the Division of ADP findings, conclusions and recommendations. Their response is attached to this document. Follow-up visits to the Department of Revenue were made during the period of 25 February through 7 March, 1975.

II. OBJECTIVES

The objectives of this follow-up review are:

- Review and evaluate the actions taken by the Department of Revenue to meet deficiencies identified by the performance evaluation study.
- Verify that the recommendations which were reported as having been implemented were in fact implemented and the results achieved.
- Determine the status of the recommendations which were reported as being in process of implementation.
- Verify reasons that recommendations were rejected.
- Provide the Division of ADP and the evaluation team with information regarding the feasibility of specific recommendations in order to aid in improving future evaluations.

- Make additional recommendations as appropriate based on the latest conditions.
- Prepare a written follow-up report in order to provide the evaluated agency and the Division of ADP management with a status report.

III. PROCEDURE

The Department of Revenue's written comments were reviewed with appropriate ADP systems users and with the ADP management and staff of the Department of Revenue.

IV. SUMMARY OF FINDINGS

Of the twenty-four recommendations made in the initial report, eight were items requiring action by the Division of ADP rather than the Department of Revenue. These eight items are discussed later in this report. Of the remaining sixteen items, four are classed as "completed action" and two are in the "Budget 75-76" category. The ten remaining items are classed as "inadequate action taken" and are again written up in this follow-up report. In summary, the ADP evaluation team feels that insufficient, meaningful action has been taken by the Department of Revenue as a result of the ADP evaluation report, published in January 1974.

ADP Performance Evaluation Recommendations

<u>Recommendation No.</u>	<u>DADP Action</u>	<u>Completed Action by Revenue</u>	<u>In Budget For FY 75-76</u>	<u>Items Considered Deficient</u>
1.				X
2.				X
3.	X			
4.	X			
5.	X			
6.	X			
7.		X		
8.	X			
9.				X
10.				X
11.				X
12.				X
13.	X			
14.		X		
15.		X		
16.			X	
17.	X			
18.			X	
19.				X
20.				X
21.				X
22.		X		
23.				X
24.	X			

V. DIVISION OF ADP ACTION ITEMS

In the Revenue ADP evaluation report, eight recommendations were listed which were action items aimed at the Division of ADP rather than the Department of Revenue. These eight items were considered to be valid deficiencies in ADP management procedures and had a direct bearing on the efficiency and effectiveness of Revenue's ADP functions. Also, it was the evaluation team's opinion that these items would also affect other state ADP organizations.

Listed below are each of the items (in short form) requiring action by the Division of ADP along with appropriate comments as to the current status:

● RECOMMENDATION NO. 3

DIVISION OF ADP SHOULD ISSUE PLANNING INSTRUCTIONS

Comment: Volume One, Section V, page 0400 & 0401 of the State of Colorado ADP Management Manual contains policy on "ADP Planning". Specific, written instructions on ADP Planning have been issued to all Departments, Agencies, and Institutions and are referred to in this report.

● RECOMMENDATION NO. 4

DIVISION OF ADP SHOULD STUDY ADP APPROVAL PROCESS

Comment: This item was aimed at approval processes for hardware, software, facilities, services, personnel, and applications. Procedures exist for approval of all of the above items except applications. Beginning with the fiscal year 1975-76 ADP budget requests, all ADP budget requests contain ADP Project Evaluation

Sheets on all ADP applications. The Division of ADP evaluates and makes recommendations on each of these ADP projects. ADP management must now decide whether this process is adequate for ADP applications approval/disapproval or whether additional procedures are needed.

- RECOMMENDATION NO. 5

BASED ON RESULTS OF STUDIES, THE DIVISION OF ADP SHOULD UPDATE ADP POLICIES.

Comment: This was accomplished in the State of Colorado ADP Management Manual which was issued in September, 1974. (See Volume One, Section V.)

- RECOMMENDATION NO. 6

DIVISION OF ADP SHOULD ESTABLISH FEASIBILITY STUDY LIBRARY.

Comment: This recommendation has been complied with.

- RECOMMENDATION NO. 8

DIVISION OF ADP SHOULD ESTABLISH STATEWIDE ADP TRAINING PROGRAM.

Comment: Current funded ADP budgets in the State of Colorado permit very little purchased ADP training. A recent survey of state ADP centers indicate a considerable amount of vendor supplied (free) training is being used. Action is now underway by the Division to enter into a commercial contract for training materials not obtainable from the various computer vendors that can be used statewide. Admittedly, Colorado should have a better ADP training program, however, the evaluation team feels that

a first-class program will require more money than is currently available. Each state ADP agency (Revenue included) should have a training plan.

- RECOMMENDATION NO. 13

DIVISION OF ADP SHOULD IMPROVE STANDARDS TO INSURE THAT THE ADP EQUIPMENT INVENTORY IS KEPT UP-TO-DATE.

Comment: Standards have been improved and the statewide ADP equipment inventory is nearly 100% current.

- RECOMMENDATION NO. 17

DIVISION OF ADP SHOULD UPDATE SECURITY STANDARDS.

Comment: State ADP security guidelines are constantly being improved and all state ADP facilities are currently undergoing security inspections.

- RECOMMENDATION NO. 24

DIVISION OF ADP SHOULD INSTITUTE BETTER CONTROLS OVER COMMERCIAL CONTRACTS.

Comment: Current controls are deemed adequate.

VI. COMPLETED ACTION ITEMS

Action on the following items contained in the initial ADP performance evaluation report is listed as "Implemented" by the Department of Revenue. The evaluation team agrees.

- RECOMMENDATION NO. 7

ALL MONIES SPENT FOR ADP TRAINING SHOULD BE IDENTIFIED IN REVENUE'S ACCOUNTING RECORDS.

- RECOMMENDATION NO. 14

REDUCE VTOC FROM 19 TRACKS TO ONE TRACK ON 3330 DISK PACKS,
WHERE POSSIBLE.

- RECOMMENDATION NO. 15

FILL COMPUTER SCHEDULER'S POSITION.

- RECOMMENDATION NO. 22

RESOLVE PERSONNEL ACCOUNTING PAYROLL PROBLEMS WITH STATE CONTROL-
LER.

VII. IN BUDGET FOR FISCAL YEAR 1975-1976

- DATA ENTRY EQUIPMENT

The evaluation report listed the following recommendation
(short version) regarding data entry equipment:

RECOMMENDATION NO. 16

STUDY THE ACQUISITION OF MORE MODERN (FUNCTIONAL) DATA ENTRY
EQUIPMENT.

Revenue's answer to this recommendation was checked as scheduled
in fiscal year 75-76 with the comment: "Funds have been requested
for '75-76 to acquire a limited number of new data entry devices."

- SPACE

An abbreviated version of our recommendation on "space" is as
follows:

RECOMMENDATION NO. 18

PROVIDE ADEQUATE SPACE FOR ADP FUNCTIONS.

Revenue indicated that action on this item would be taken in
fiscal year 1975-76. In their comments they said:

"Some space has been requested in '75-'76 budget for data processing. The entire Department of Revenue has a space problem which has to be solved as funds are appropriated."

The evaluation team confirmed that 500 square feet of additional machine-room space has been requested in Revenue's fiscal year 1975-1976 budget request. The Division of ADP recommended disapproval of this request because of the possibility of future consolidation of Revenue's ADP with another center. The ADP Master Plan calls for the study of such a consolidation and if it proves feasible, funds spent for expansion of the existing facility would be wasted.

Closer coordination by Revenue in (1) updating their ADP Plan, and (2) in tying their 1975-1976 ADP budget request to their updated plan (see discussion concerning recommendations 1 and 2) would insure that budget requests agree with current planning.

VIII. ITEMS CONSIDERED DEFICIENT

- ADP PLANNING

The ADP Performance Evaluation Report for the Department of Revenue, January, 1974 contained two recommendations relative to ADP Planning. Short versions of these recommendations are:

RECOMMENDATION NO. 1

ESTABLISH A GROUP WITHIN THE DEPARTMENT OF REVENUE, CHARGED WITH THE RESPONSIBILITY FOR DEPARTMENTAL ADP PLANNING.

RECOMMENDATION NO. 2

DEVELOP IN COORDINATION WITH THE DIVISION OF ADP, A SINGLE, COMPREHENSIVE, APPROVED ADP PLAN FOR THE DEPARTMENT OF REVENUE.

Revenue reported that recommendation no. 1 had been implemented and further reported that the "Group was established, last position filled 12/16/74."

Action on recommendation No. 2 was projected to take place in fiscal year 1974-75 (which ends 30 June, 1975). Regarding this item, Revenue said: "Planning group will work on this plan in the near future. Other critical priorities are being processed at the present time."

The date on the comments by Revenue, quoted above, is 12/30/74.

Comments:

The three ADP planning positions were filled in September, October, and December, 1974. The planning group has, by written direction, worked 100% of its time in the fiscal area since it was formed. The pay for these people, however, had been from appropriated ADP funds.

The evaluation team could not ascertain exactly who was working on a Department of Revenue ADP Master Plan, if it was being worked on, or when it would be finished.

The Revenue ADP management expressed unhappiness over the fact that their 1975-76 ADP budget requests which were based on the approved "State of Colorado ADP Master Plan" dated June, 1974 were not supported by the Division of ADP. In a letter to all state agencies, dated May 22, 1974, Subject; ADP Planning all agencies were informed as follows:

". . . it is requested that you update your ADP Plan in consideration of the Statewide Plan to be issued soon and the appropriations bill for FY 1974-75. Your updated plans should be submitted to the Division of ADP as soon as possible. In any event, your updated plan is required by the Division of ADP no later than October 1, 1974 for review and use in maintaining the Statewide Plan, and as a foundation for FY 1975-76 budget process."

One of the concluding sentences of this letter reads:

"As a result of the planning currently taking place, additional guidelines may be issued by the Division of ADP."

Revenue did not comply with the target date of October 1, 1974 in developing their plan. In January 1975 a new target date of April 1, 1975 was established. Whether this date will be met, cannot be determined at this time. The 1975-1976 ADP budget request prepared by Revenue was in harmony with the State of Colorado ADP Master Plan dated June 1974 but did not agree with subsequent ADP Planning being done by the Division of ADP.

The lesson to be learned in this chronology is that ADP is dynamic and, as such, is in a continual state of change. Had Revenue developed an updated plan in coordination with the Division of ADP, as requested, their 1975-1976 budget request would have agreed with the updated plan rather than the previously published state master plan.

While it is recognized that an ADP Planning group has been formed at the Department of Revenue it has never functioned in the ADP area. In accordance with 24-30-603(1)(i) of the CRS, 1973, the Division of ADP disapproves of the current use of these three ADP planners.

- FOLLOW-UP RECOMMENDATION NO. 1

ACTION SHOULD BE TAKEN IMMEDIATELY TO USE THE THREE ADP PLANNERS TO DEVELOP AND MAINTAIN THE DEPARTMENT OF REVENUE ADP PLAN.

- FOLLOW-UP RECOMMENDATION NO. 2

REVENUE'S ADP PLANNING EFFORTS SHOULD BE CLOSELY COORDINATED WITH THE DIVISION OF ADP.

- FOLLOW-UP RECOMMENDATION NO. 3

ALL ADP PLANNING DEADLINES SHOULD BE MET.

- SYSTEMS DOCUMENTATION STANDARDS

The initial evaluation report contained the following recommendations regarding systems documentation and control. Abbreviated versions of these recommendations are as follows:

RECOMMENDATION NO. 9

DEVELOP AND IMPLEMENT FORMAL ADP SYSTEMS REQUEST AND APPROVAL PROCEDURES WITHIN THE DEPARTMENT OF REVENUE.

RECOMMENDATION NO. 10

DEVELOP OR ACQUIRE ADP SYSTEMS DOCUMENTATION STANDARDS.

RECOMMENDATION NO. 11

DEVELOP OR ACQUIRE ADP SYSTEMS DEVELOPMENT CONTROL PROCEDURES.

(Note: A single package such as the Illinois system could satisfy all three of the above recommendations.)

A full discussion of the above items is contained on pages 26, 27 and 28 of the ADP Evaluation Report issued in January, 1974. These references are made for management's review because, essentially nothing has been done to correct the three deficiencies stated above.

Comments:

The evaluation team was informed that no action could be taken in the systems Documentation area due to insufficient staffing. The following statements are considered relevant in evaluating non-compliance in these area:

- The Colorado Automated Data Processing Management Manual was distributed to all state ADP facilities (including Revenue) in September, 1974. This Manual contained eleven sections under the heading "ADP Applications Management" (Volume Three). While use of the published standards are not mandatory, Page 5001 (under PURPOSE) states:

"ADP performance evaluations will examine and evaluate whatever standards are in effect and the material in this manual will serve as the "yardstick". Judgemental decisions on the amount and type of documentation needed will be taken into account."

- The manual goes on to say that use of the manual will:
"Provide transferability of systems".
- The Department of Revenue possesses one of the largest ADP staffs in the State of Colorado. No specific allocation of manpower has been made, or requested, for documentation purposes. The evaluation team is of the opinion that adequate staff exists for proper documentation, and that documentation is an integral part of the systems and programming functions.
- The evaluation team was informed that the ADP Applications Management Standards had not been "adequately" studied yet they (Revenue) have had these standards for six months.

- The evaluation team was informed that Revenue would like to "Defer" action on these items.

In short, it appears that nothing has been done relative to recommendations 9, 10 and 11 of the initial ADP evaluation report. The evaluation team concludes that proper documentation is part-and-parcel of the systems analysis and programming functions and therefore rejects the opinion that to properly document, additional resources are needed.

- FOLLOW-UP RECOMMENDATION NO. 4

THE EXECUTIVE DIRECTOR, DEPARTMENT OF REVENUE, SHOULD REQUIRE COMPLIANCE WITH RECOMMENDATIONS 9, 10, AND 11 OF THE INITIAL EVALUATION REPORT. A MAXIMUM OF SIX MONTHS AFTER RECEIPT OF THIS REPORT SHOULD BE ESTABLISHED FOR COMPLIANCE.

- PORTS OF ENTRY

Abbreviated versions of our recommendations regarding Ports of Entry are as follows:

RECOMMENDATION NO. 19

EVALUATE P.O.E. TERMINAL TEST.

RECOMMENDATION NO. 20

STUDY USE OF CREDIT CARDS FOR P.O.E.

RECOMMENDATION NO. 21

IDENTIFY P.O.E. COMMUNICATIONS COSTS.

Comments:

- Large trucking firms which have GTM accounts, and trucking firms which make it a point to be checked at POE stations are not the cause of any problems.

- The major cause of POE stations violations can be attributed to itinerant trucking companies.
- The Colorado Statutes present a great many problems in the enforcement and collection of GTM revenues e.g.
 - GTM Bond cost is \$20.00, and if you do not have one and get caught, the Fine is \$8.00.
 - If you do obtain a GTM account, you are obligated to report information as long as you own the truck (even if the truck is not being used).
- The average number of distraint warrant violators who are apprehended as a direct result of POE terminal usage, at Fort Morgan averages about 2 per month, less than many manual POE stations.
- Although truckers are processed in about 2 1/2 minutes through the Ports using the new GTM-18 forms, on-line terminals have nothing to do with this speeded up process.
- POE officers indicated a 3-5 hour down-time period per day and that 9 out of 10 times when they tried to use the terminal, it was DOWN. A consistent definition of "down-time" needs to be developed for the benefit of POE users as well as ADP managers.
- A Dept. of Revenue ADP manager indicated an 85% terminal up-time.
- POE officers, and managers of the Department of Revenue did not have confidence in the terminal reliability or the currency of the information on the Distraint Warrant file. This is evidenced

by the fact that even if a "Hit" is made on a Distrain Warrant by using the on-line terminal, procedure requires POE officers to verify the "Hit" by calling an appropriate DOR official.

- The POE terminal pilot test is going on 3 years and is still in a testing mode.
- The State of Wyoming terminated their fully automated POE system which, in essence, was the prototype of the proposed Colorado system because the Cost/Benefit analysis in their opinion, did not prove feasible.
- The Colorado POE project objectives, for the most part, have not been met. A discussion of these objectives follows:

OBJECTIVE #1: Accelerated clearing of trucks through the Ports with maximum simplicity and accuracy.

Old System:

- Provided that the necessary permits and documents were made immediately available to Port Officers. Trucks were processed through the Ports in 2 to 3 minutes on the average.

New System:

- New GTM-18 Mark Sense Forms replaced the old hand written forms.
 - Cash Collections were not a part of the original proposal, and in fact require a considerable amount of POE Officers time to administer.

- It still requires 2 to 3 minutes on the average (assuming the same conditions) to process a truck through the Ports.

Evaluation:

- Accelerated clearing of trucks through the Ports has not been achieved (on the average) in spite of the new GTM-18 Mark Sense Forms.
 - However, the ability to maintain a 2 to 3 minute truck processing time has been achieved.
 - Assuming truck traffic has increased, just keeping up may be considered to partially have met the accelerated portion of Objective #1.
 - As far as maximum simplicity and accuracy are concerned, we think everyone can agree that the GTM-18 Mark Sense Forms are not the ULTIMATE ANSWER for the EXPEDIENT, simple, accelerated processing of trucks through the Ports.

OBJECTIVE #2: Immediate recording of tax data with complete auditing capability.

Old System:

- Apparently manual calculations had to be performed by GTM Auditors, and
- GTM-18 Port Clearance forms lagged many months from date of transaction to date of audit.

New System:

- Currently, computer programs have been written to produce monthly and detail reports.
 - Two reports are being utilized
 1. A monthly audit report which shows all accounts that paid less on their tax return than was computed from the new GTM-18 forms. (Also calculates tax due based on GTM-18's).
 2. A locator report detail listing of all GTM-18 forms processed for a GTM Account.
- Still requires 3 to 4 months lag time from date of transaction to date of audit.

Note: Statutes require an Audit of all GTM Accounts at least once every 3 years?

Evaluation:

- Immediate recording of tax data is true insofar as GTM-18 Mark Sense forms are concerned (does not include all GTM-18 info). However, data is batched in the Ports and delivered to DOR for processing. Not in our opinion immediate, however, more expedient than the Old system.

As for the complete auditing capabilities, one has to contemplate what exactly was meant, and again our opinion is that complete auditing capabilities do not

exist, however, some improvement must be present.

Moreover, it still requires 3 months plus or minus one month (due to Statutory or current procedures) before the Distraint Warrant files can be updated from date of transaction to date of Audit.

OBJECTIVE #3: Prompt responsiveness to account inquiry from simplified, readily managed electronic equipment at source. #4 Immediate recording of tax data with complete auditing capability.

Old System:

- A manual system.

New System:

- Initially, (since Pilot Test was initiated) IBM-2741 typewriter terminals were used. Currently IBM 3275 Video Terminals are being used (due to IBM upgrade to Video 370 Software, which did not support 2741's).
- Limited inquiry and/or update capability is provided at the 3 Pilot Test Ports, for GTM ACCOUNTS UNDER DISTRAINT.
- The Pilot Test of Ports is still in a Testing mode.
- GTM-18 forms are used by all Ports.
 - Data is batched, delivered to DOR where a Mark

Sense Reader (and other data entry devices are used) to prepare the documents for computer processing.

- A monthly Distrainment Warrant Listing Report is run which lists GTM-18 Accounts which are under Distrainment.
- Daily updates are then supposed to be made to the DW file (more like weekly).
- All POE Stations have a monthly DW bulletin (60-90 days behind) and as available daily update sheets to the monthly DW Bulletin are made (adds and deletes).
- Port Officers (with on-line terminals, 3) have the ability to clear the account in the on-line file.
- When the Distrainment Warrant payment is received at DOR and posted by the DW accounting system, the Distrainment record will be completely deleted from the file.
- GTM-18 accounts which were Distrainment on the Current Monthly Listing (60-90 days behind) do not indicate those which were cleared from the previous monthly listing.
- Cash collections represent 10% of all GTM Revenues.

- A great deal of the Port traffic is local and thus cleared for a round trip requiring only a stop on return for validation of the original GTM-18.
 - This still requires from 2 to 5 minutes for clearing.
 - A Drive-In bank type of operation for this application has been suggested.
- Large monthly Distrainment Warrant reports requiring many hours to run, if kept current could be run weekly and thus reduce the many hours required to run the monthly report.
- Approximately 1/2 of a minute of POE officers time has been saved by using the new GTM-18 Mark Sense forms.
- The important point to remember, is that by Automating the Distrainment Warrant system and through subsequent investigation by Port officers significant monies have been collected. (The use of terminals by those Ports in the Pilot Test, do not prove that by the usage of the on-line terminal that more revenues have been collected.)

Evaluation:

- It is the opinion of the Performance Evaluation Team that the monthly D.W. Bulletin is more than adequate

for the use of POE stations for the following reasons:

1. The lag time from the date of transaction to the date that the Distraint Warrant Report is printed is 3 to 4 months.
2. Although the Distraint Warrant on-line file may be more current than the monthly DW report, procedure still requires that when a 'hit' is made by all Ports (using the DW monthly report to update sheets and/or the on-line terminals), that the designated DOR Official be contacted for verification of the alleged 'hit'.
3. The POE Pilot Test evaluation by the DOR, is going on its 3rd year with inconclusive results and they stated that inasmuch as the Legislature is still funding their POE Pilot Test study, that they assume that they are still in a Testing Mode.
4. While the POE Pilot Test study has not proved the Cost/Benefits or feasibility of the Test Ports, DOE has every intention of installing on-line terminals on the remaining 18 Ports (as soon as the Legislature provides the funds).
5. The most important thing to remember is that the DOR submitted a POE Proposal consisting of Phase 1a and 1b and Phase 2 for a Pilot Test Study of

3 Ports. The Pilot Test was funded and was to require 3 to 6 months to implement and evaluate. Now going on 3 years and to date DOR has not shown proof of the success of meeting the 5 objectives, while charging ahead with the installation of on-line terminals in all Ports, while still in a Testing Mode on the Test Ports.

OBJECTIVE #5: Hard copy receipts for taxpayer.

Old System:

- Unknown?

New System:

- Provides a hard copy receipt.

Evaluation:

- This objective has been met.
- The Department of Revenue study on the use of credit cards by the ports was inconclusive, contained no recommendations and contained insufficient information upon which management could base a decision as to whether such a system should or should not be implemented.

It is the opinion of the Division of ADP performance evaluation team, that the Department of Revenue POE pilot test project (which is going on 3 years and is still in a testing mode, with inconclusive results) has failed, and has not met the majority of the Phase IA and IB objectives.

- FOLLOW-UP RECOMMENDATION NO. 5

THAT THE TESTING PHASE BE TERMINATED IMMEDIATELY AND THAT THE ON-LINE TERMINALS BE REMOVED NO LATER THAN JUNE 30, 1975.

- FOLLOW-UP RECOMMENDATION NO. 6

THE USE OF CREDIT CARDS BY THE POE'S SHOULD BE RE-STUDIED. THE NEW STUDY SHOULD CONTAIN COST BENEFIT ANALYSES FOR THE VARIOUS ALTERNATIVES, IMPLEMENTATION PLANS, SCHEDULES, MILESTONES, AND RECOMMENDATIONS FOR MANAGEMENT CONSIDERATIONS.

- FOLLOW-UP RECOMMENDATION NO. 7

REVIEW AND MODIFY AS APPLICABLE THE DISTRAINT WARRANT MONTHLY REPORT, USING EXCEPTION REPORTING TECHNIQUES AND NOT PRINTING UNCOLLECTABLE DISTRAINTS.

- FEASIBILITY STUDIES

The full text of Recommendation Number 23, contained in the initial ADP evaluation report reads as follows:

RECOMMENDATION NO. 23

ALL ADP APPLICATIONS, PRIOR TO IMPLEMENTATION, MUST UNDERGO FEASIBILITY STUDIES. THESE STUDIES SHOULD BE EVALUATED BY THE DEPARTMENT OF REVENUE AND THEN FORWARDED TO THE DIVISION OF ADP FOR APPROVAL OR DISAPPROVAL. THE BUDGET AND/OR PLANNING PROCESSES CANNOT BE USED IN LIEU OF OR TO SATISFY THE FEASIBILITY STUDY PHASE OF ADP APPLICATIONS.

Revenue's answer to this was:

"No new systems have been initiated to date. Feasibility studies will be performed or changes will be cost analyzed before implementing."

Comments:

The answer quoted above does not satisfy the reference made to the approval process contained in the recommendation. The approval

process is required by, and spelled out in 24-30-606 of the CRS, 1974 (Page 129 of Volume 10). It says:

" . . . nor shall any new applications . . . begin except by written approval of the director (of the Division of ADP) . . ." on or after July 1, 1968.

Further our initial evaluation report required two studies which were relevant to new systems implementation (see write-ups on recommendations 20 and 21). Because so many major items were left unanswered by these studies, they are of little use to anyone. Further, neither study was ever routed through proper channels for approval or disapproval as required by statute.

We do not consider recommendation No. 23 as having been satisfactorily complied with.

- FOLLOW-UP RECOMMENDATION NO. 8

FEASIBILITY STUDIES AND DIVISION OF ADP APPROVAL'S MUST BE REQUIRED ON ALL NEW ADP APPLICATIONS.

- SOFTWARE ACQUISITION

The full text of the recommendation contained in our initial evaluation report reads as follows:

RECOMMENDATION NO. 12

STUDY THE FEASIBILITY OF SOFTWARE ACQUISITION FOR PRODUCT EVALUATION, TAPE LIBRARY MANAGEMENT AND JOB ACCOUNTING.

Revenue's answer to this item (as well as Recommendations 9, 10 and 11) was covered by the following comment:

"These four items need to be discussed with Mr. Richardson and then followed up. A job accounting package has been tested."

Comments:

The evaluation team was informed that Revenue had studied several tape library systems and found that they could not be cost-justified at this time.

Revenue acquired a job accounting package at no cost (from another state agency) and was in the process of installing it at the time of the follow-up visit.

Our initial evaluation report contained the following comments relative to computer utilization (page 36):

"It is noted, however, that wall-clock time is not a good method of measuring computer performance. Internal meters that measure actual use are much more realistic. Further, measuring the CPU only, does not provide management any information as to use of the total system; for example, core utilization, cycle utilization, channel utilization, and utilization of peripherals. Under "Software" this report discusses the need for better utilization reporting.

- When this report is published, approximately a year and a half will have elapsed since our initial visit was made in October, 1973, and 15 months since the first report was published (January, 1974). The evaluation team concludes that software that would accurately measure hardware utilization should have been installed and operational long before it was actually done.
- While the measurement of consumption of storage devices is relatively finite, the use of core is not. Recent requests for additional core by Revenue cannot be attributed to any operational measurement techniques.

- Future evaluations should continue to examine and question the need for a library package and other software designed to improve ADP management.

- FOLLOW-UP RECOMMENDATION NO. 9

INITIATE A PROGRAM WHEREBY MEANINGFUL OPERATIONAL DATA CAN BE GATHERED THAT WILL KEEP MANAGEMENT INFORMED AS TO PERFORMANCE, RELIABILITY AND USE OF THE COMPUTER SYSTEMS.



State of Colorado
DEPARTMENT OF REVENUE
STATE CAPITOL ANNEX
1375 SHERMAN STREET
DENVER, COLORADO 80203

IN REPLY REFER TO

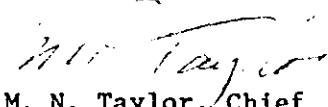
January 10, 1975

Mr. Wilbur M. Richardson, Director
Division of Automated Data Processing
4150 E. Jewell Avenue
Denver, CO 80222

Dear Mr. Richardson:

Per your request of December 17, 1974, attached are
completed copies of the ADP Performance Evaluation Report.

Yours truly


M. N. Taylor, Chief
Systems Control, Administrative
and Data Processing Division

MNF:jj
Att.

DEPARTMENT OF REVENUE

Recommendation	See Comments	Imple- mented	In Process	In Fiscal Year	Deferred	Rejected
1. Establish ADP planning group in Revenue.	*	X				
2. Develop single Department of Revenue ADP plan.	*			74-75		
3. Establish procedures for identification in accounting records of all monies spent for ADP training.		9/74				
4. Develop formal ADP systems request/approval procedures in Revenue.	*					
5. Develop or acquire systems documentation standards.	*					
6. Develop or acquire systems control standards	*					
7. Study acquisition of software for project evaluation, tape library management and job accounting.	*					
8. Reduce VTOC from 19 tracks to one track on 3330 disk packs, where possible.		7/74				
9. Fill computer scheduler's position.		11/73				
0. Study the acquisition of more modern data entry equipment.	*			75-76		
1. Provide adequate space for ADP functions.	*			75-76		
. . . Continued						

DEPARTMENT OF REVENUE

-2-

Recommendation	See Comments	Imple-mented	In Process	In Fiska Year	Deferred	Rejected
12. Evaluate P.O.E. Terminal Test.	*		X			
13. Study use of Credit cards for P.O.E.'s.			X			
14. Identify P.O.E. communications costs.			X			
15. Resolve personnel accounting payroll problems with State Controller.		1/74				
16. Perform feasibility studies on new applications before implementing.	*					