United States Government Accountability Office

Report to Congressional Requesters

June 2009

INFORMATION TECHNOLOGY

Federal Agencies Need to Strengthen Investment Board Oversight of Poorly Planned and Performing Projects

GAO

Accountability ★ Integrity ★ Reliability

INFORMATION TECHNOLOGY

Federal Agencies Need to Strengthen Investment Board Oversight of Poorly Planned and Performing Projects

Why GAO Did This Study

The federal government expects to spend about $71 billion for information technology (IT) projects for fiscal year 2009. Given the amount of money at stake, it is critical that these projects be planned and managed effectively to ensure that the public's resources are being invested wisely. This includes ensuring that they receive appropriate selection and oversight reviews. Selection involves identifying and analyzing projects' risks and returns and selecting those that will best support the agency's mission needs; oversight includes reviewing the progress of projects against expectations and taking corrective action when these expectations are not being met.

GAO was asked to determine whether (1) federal departments and agencies have guidance on the role of their department-level investment review boards in selecting and overseeing IT projects and (2) these boards are performing reviews of poorly planned and poorly performing projects. In preparing this report, GAO reviewed the guidance of 24 major agencies and requested evidence of department-level board reviews for a sample of 41 projects that were identified as being poorly planned or poorly performing.

What GAO Recommends

GAO is making recommendations to selected agencies to improve their department-level board representation and selection and oversight processes. In comments on a draft of the report, 11 agencies generally agreed with the recommendations and one did not.

View GAO-09-566 or key components.
For more information, contact David A. Powner at (202) 512- 9286 or pownerd@gao.gov.

What GAO Found

The 24 major federal agencies have guidance calling for department-level investment review boards to select and oversee IT investments. However, while all of the agencies had department-level boards, the board membership for the Departments of Commerce and Labor did not include business unit (i.e., mission) representation as called for by IT investment management best practices. Without business unit representation on their department-level boards, these agencies will not have assurance that the boards include those executives who are in the best position to make the full range of investment decisions necessary for them to carry out their missions most effectively.

About half of the projects GAO examined did not receive selection or oversight reviews. Specifically, 12 of the 24 projects GAO reviewed that were identified by OMB as being poorly planned (accounting for $4.9 billion in the President's fiscal year 2008 budget request or two-thirds of the funding represented by the 24 projects) did not receive a selection review, and 13 of 28 poorly performing projects GAO reviewed (amounting to about $4.4 billion or 93 percent of the funding represented by the 28 projects) did not receive an oversight review by a department-level board. Agencies provided several reasons for not performing department-level board reviews, including some which were not consistent with sound management practices. Furthermore, 6 of the 11 projects in the sample identified as being both poorly planned and poorly performing, with over $3.7 billion in funding in the President's fiscal year 2008 budget request, received neither a selection review nor an oversight review (see table below). Without consistent involvement of department-level review boards in selecting and overseeing projects that have been identified as poorly planned or poorly performing, agencies incur the risk that these projects will not improve, potentially leading to billions of federal taxpayer dollars being wasted.

Poorly Planned and Performing Projects That Received No Department-Level Board Review

Dollars in millions

Agency	IT investment	FY 2008 request
Education	Common Services for Borrowers	$15
Homeland Security	DHS-Infrastructure	$1,071
Homeland Security	CBP Secure Border Initiative (SBI) *net*	$1,000
Treasury	Enterprise IT Infrastructure Optimization Initiative	$1,638
Treasury	Integrated Collection System	$9
Nuclear Regulatory Commission	National Source Tracking System	$4
Total		**$3,737**

Source: GAO analysis of agency data.

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Abbreviations

CFO	chief financial officer
CIO	chief information officer
IRB	investment review board
IT	information technology
ITIM	information technology investment management
NASA	National Aeronautics and Space Administration
OMB	Office of Management and Budget
PBO	performance-based organization
SBA	Small Business Administration
SBI	Secure Border Initiative
USAID	U.S. Agency for International Development
USPTO	U.S. Patent and Trademark Office

United States Government Accountability Office
Washington, DC 20548

June 30, 2009

Congressional Requesters

Federal government expenditures for information technology (IT) investments have exceeded $60 billion each year since fiscal year 2004, and the government expects to spend about $71 billion for IT projects in fiscal year 2009. Given the amount of money at stake, it is critical that IT projects be planned and managed effectively to ensure that the public's resources are being invested wisely.

To this end, the Office of Management and Budget (OMB), which plays a key role in directing and overseeing the federal government's IT investments, established a Management Watch List[1] of major IT projects identified as poorly planned and also required the major federal departments and agencies to identify high-risk projects that are performing poorly.[2] In addition, GAO and OMB have long endorsed having agencies establish a disciplined process for their executives to participate in selecting and overseeing projects, among other things. Selecting projects involves identifying and analyzing risks and returns before committing any significant funds to them and selecting those that will best support the agency's mission needs.[3] Overseeing projects involves reviewing the progress of projects against expectations and taking corrective action when these expectations are not being met.

Given the large number and dollar value of projects that are identified as being poorly planned and poorly performing every year, you asked us to determine whether (1) federal departments and agencies have guidance on the role of their department-level investment review boards (IRB) in selecting and overseeing IT projects and (2) these boards are actually performing selection and oversight reviews of poorly planned and poorly performing projects.

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[1]GAO, *Information Technology: OMB Can Make More Effective Use of Its Investment Reviews*, GAO-05-276 (Washington, D.C.: Apr. 15, 2005).

[2]GAO, *Information Technology: Management and Oversight of Projects Totaling Billions of Dollars Need Attention*, GAO-09-624T (Washington, D.C.: Apr. 28, 2009).

[3]The selection process does not only apply to new projects. It should be repeated each time funds are allocated to projects (this is often referred to as "reselection").

To address the first objective, we reviewed the investment management guidance of 24 major agencies[4] to determine the role department-level IRBs are expected to play in selecting and overseeing IT projects, updating the findings from our 2004 governmentwide review of agencies' use of key investment management practices.[5] We also reviewed the composition of the boards to determine whether they included senior executives from both IT and business units. To address the second objective, we identified a sample of 48 (subsequently reduced to 41) projects that were identified as being poorly planned according to OMB's Management Watch List or reported as being poorly performing on the High-Risk List. For each project, we requested and analyzed evidence of department-level IRB reviews during the time period when the projects were on the OMB lists.

We conducted this performance audit from January 2008 to June 2009 in Washington, D.C., in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Further details on our objectives, scope, and methodology are provided in appendix I.

Background

OMB plays a key role in helping federal agencies manage their IT investments by working with them to better plan, justify, and determine how much they need to spend on IT projects and how to manage approved

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[4]We are using "24 major agencies" to refer to 24 agencies listed in the Chief Financial Officers (CFO) Act of 1990 (31 U.S.C. §901(b)). They are the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, the Interior, Justice, Labor, State, Transportation, the Treasury, and Veterans Affairs; the Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, National Science Foundation, Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, Social Security Administration, and U.S. Agency for International Development.

[5]GAO, *Information Technology Management: Governmentwide Strategic Planning, Performance Measurement, and Investment Management Can Be Further Improved*, GAO-04-49 (Washington, D.C.: Jan. 12, 2004).

projects. In particular, the Clinger-Cohen Act[6] of 1996 requires OMB to establish processes to analyze, track, and evaluate the risks and results of major capital investments in information systems made by federal agencies and report to Congress on the net program performance benefits achieved as a result of these investments.[7] In addition, the Clinger-Cohen Act places responsibility for managing IT investments with the heads of agencies[8] and establishes chief information officers to advise and assist agency heads in carrying out this responsibility.[9]

To help carry out its oversight role and assist the agencies in carrying out their responsibilities, OMB developed its Management Watch List[10] in 2003 and its High-Risk List in 2005 to focus executive attention and to ensure better planning and tracking of the major IT investments. The Management Watch List identifies projects at federal agencies that are poorly planned, i.e., projects with weaknesses in their funding justifications, which are known as exhibit 300s. Because of the focus on the funding justifications, projects on the Management Watch List specifically concern the process by which agencies select projects to invest in. OMB places projects on the High-Risk List when they require special attention from oversight authorities and the highest level of agency management. These projects are not necessarily "at risk" of failure, but may be on the list because of one or more of the following four reasons:

- The agency has not consistently demonstrated the ability to manage complex projects.

- The project has exceptionally high development, operating, or maintenance costs, either in absolute terms or as a percentage of the agency's total IT portfolio.

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[6]Division E of Pub. L. No. 104-106, February 10, 1996, now codified as 40 U.S.C. Subtitle III—*Information Technology Management*, Chapters 111, 113, 115, and 117. The law, initially titled the Information Technology Management Reform Act of 1996 along with the Federal Acquisition Reform Act of 1996, was later renamed the 'Clinger-Cohen Act' in Pub. L. No. 104-208, September 30, 1996.

[7]40 U.S.C. § 11302(c).

[8]40 U.S.C. § 11313.

[9]40 U.S.C. § 11315.

[10]GAO-05-276.

- The project is being undertaken to correct recognized deficiencies in the adequate performance of an essential mission program or function of the agency, a component of the agency, or another organization.

- Delay or failure of the project would introduce for the first time unacceptable or inadequate performance or failure of an essential mission function of the agency, a component of the agency, or another organization.

The High-Risk List also includes projects that are performing poorly (i.e., high-risk projects with reported performance shortfalls). High-risk projects are identified as having performance shortfalls if one or more of the following performance evaluation criteria are not met: (1) establishing baselines with clear cost, schedule, and performance goals; (2) maintaining the project's cost and schedule variances within 10 percent; (3) assigning a qualified project manager; and (4) avoiding duplication by leveraging inter-agency and governmentwide investments. Projects on the High-Risk List, therefore, require disciplined and effective oversight to ensure that performance shortfalls, if any, are addressed.

The Management Watch List and High-Risk List were intended to be instrumental in helping both OMB and the agencies to identify and improve oversight of poorly planned and poorly performing projects. We have issued several reports, made recommendations for improvements, and testified over the past 4 years on the effectiveness of these processes.[11] Last year, for example, we reported that, as of July 2008, OMB and the 24 major federal agencies identified 352 IT projects—totaling about $23.4 billion—as being poorly planned (on the Management Watch List).[12] Also last year, agencies reported that 87 of their high-risk projects (totaling about $4.8 billion) were poorly performing. In addition, 26

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[11]GAO-05-276; GAO, *Information Technology: Agencies and OMB Should Strengthen Processes for Identifying and Overseeing High Risk Projects*, GAO-06-647 (Washington, D.C., June 15, 2006); *Information Technology: Improvements Needed to More Accurately Identify and Better Oversee Risky Projects Totaling Billions of Dollars*, GAO-06-1099T (Washington, D.C.: Sept. 7, 2006); *Information Technology: Further Improvements Needed to Identify and Oversee Poorly Planned and Performing Projects*, GAO-07-1211T (Washington, D.C.: Sept. 20, 2007); *Information Technology: Agencies Need to Establish Comprehensive Policies to Address Changes to Projects' Cost, Schedule, and Performance Goals*, GAO-08-925 (Washington, D.C.: July 31, 2008); and GAO-09-624T.

[12]GAO, *Information Technology: OMB and Agencies Need to Improve Planning, Management, and Oversight of Projects Totaling Billions of Dollars*, GAO-08-1051T (Washington, D.C.: July 31, 2008).

projects (totaling about $3 billion) were considered both poorly planned and poorly performing.[13]

OMB took several steps to address our recommendations to improve the identification and oversight of Management Watch List and High-Risk List projects; however, further action is needed, including, for example, identifying the deficiencies (i.e., performance shortfalls) associated with the high-risk projects. On April 28, 2009, we testified that the future of the Management Watch List and High-Risk List was uncertain because OMB officials stated that they had not decided if the agency plans to continue to use these lists. We noted that OMB needs to decide if it is going to continue to use the Management Watch List and High-Risk List and, if not, that OMB should promptly implement other appropriate mechanisms to help direct and oversee IT investments in the future.[14] In response, the Federal Chief Information Officer testified that OMB would determine how to better oversee poorly planned and performing projects by the end of June 2009.

Investment Management Framework Calls for Boards to Select and Oversee IT Investments

Federal agencies face significant challenges in planning for and managing their IT systems and networks. These challenges can be addressed, in part, by the use of systematic management processes to select, control, and evaluate the investments. To further support the implementation of such processes, we developed an IT investment management (ITIM) framework[15] for agencies to use. It is based on our research of IT investment management practices of leading private and public sector organizations and can be used to determine both the status of an agency's current IT investment management capabilities and the additional steps that are needed to establish more effective processes. The framework consists of progressive stages of maturity for any given organization relative to its selection and oversight responsibilities. We have used the

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[13]GAO-08-1051T.

[14]GAO-09-624T.

[15]GAO, *Information Technology Investment Management: A Framework for Assessing and Improving Process Maturity*, GAO-04-394G (Washington, D.C.: Mar. 1, 2004).

framework in many of our reports,[16] and a number of agencies have adopted it.

The ITIM maturity framework cites the establishment of "one or more IT investment management boards" as a fundamental step in establishing a mature capital planning process.[17] The framework states that a departmentwide IT investment review board (IRB) composed of senior executives from both IT and business units should be responsible for defining and implementing the department's IT investment governance process. This department-level IRB is to provide selection and oversight of department IT projects to ensure that the department's portfolio of projects meets mission needs at expected levels of cost and risk. Selecting projects involves identifying and analyzing projects' risks and returns before committing any significant funds to them and selecting those that will best support the agency's mission needs; overseeing projects involves reviewing the progress of projects against expectations and taking corrective action when these expectations are not being met.

To ensure that agencies' department-level boards are using a disciplined selection and oversight process, the ITIM framework also states that, among other things, the department-level board should: select new investments and reselect ongoing investments; perform regular reviews of each project's performance against stated expectations; and receive data

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[16]GAO, *Information Technology: SSA Has Taken Key Steps for Managing Its Investments, but Needs to Strengthen Oversight and Fully Define Policies and Procedures*, GAO-08-1020 (Washington, D.C.: Sept. 12, 2008); *Information Technology: DHS Needs to Fully Define and Implement Policies and Procedures for Effectively Managing Investments*, GAO-07-424 (Washington, D.C.: Apr. 27, 2007); *Information Technology: Treasury Needs to Strengthen its Investment Board Operations and Oversight*, GAO-07-865 (Washington, D.C.: July 23, 2007); *Information Technology: Centers for Medicare and Medicaid Services Needs to Establish Critical Investment Management Capabilities*, GAO-06-12 (Washington, D.C.: Oct. 28, 2005); *Information Technology: HHS Has Several Investment Management Capabilities in Place, but Needs to Address Key Weaknesses*, GAO-06-11 (Washington, D.C.: Oct. 28, 2005); *Information Technology: FAA Has Many Investment Management Capabilities in Place, but More Oversight of Operational Systems Is Needed*, GAO-04-822 (Washington, D.C.: Aug. 20, 2004); *Bureau of Land Management: Plan Needed to Sustain Progress in Establishing IT Investment Management Capabilities*, GAO-03-1025 (Washington, D.C.: Sept. 12, 2003); *Information Technology: Departmental Leadership Crucial to Success of Investment Reforms at Interior*, GAO-03-1028 (Washington, D.C.: Sept. 12, 2003); *United States Postal Service: Opportunities to Strengthen IT Investment Management Capabilities*, GAO-03-3 (Washington, D.C.: Oct. 15, 2002); and *Information Technology: DLA Needs to Strengthen Its Investment Management Capability*, GAO-02-314 (Washington, D.C.: Mar. 15, 2002).

[17]GAO-04-394G.

associated with a project's actual performance (including cost, schedule, benefit, and risk performance). Importantly, according to the ITIM framework, while these functions can be performed by subordinate boards, the department-level IRBs must maintain ultimate responsibility for and visibility into the subordinate boards' activities.

Prior Reviews Have Identified Weaknesses in Executive-Level Board Involvement in Selection and Oversight

We have previously reported that federal agencies face challenges in effectively managing their IT investments. Specifically, in January 2004, we reported that, although most of the major agencies in our review had IRBs responsible for defining and implementing their investment management processes, the agencies did not always have the mechanisms in place for these boards to effectively control their investments.[18] We made recommendations to the agencies regarding those practices that were not fully in place. More recently, in 2008, we reported that the Social Security Administration had not fully developed policies and procedures for management oversight of its IT projects and systems, such as elevating problems to the department-level IRB. We also reported that the Social Security Administration had not tracked corrective actions for underperforming investments and had not reported the actions to the department-level IRB.[19] To address these weaknesses, we recommended that the agency strengthen and expand the board's oversight responsibilities for underperforming projects and evaluations of projects and establish a mechanism for tracking corrective actions for underperforming investments.

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[18]GAO-04-49.

[19]GAO-08-1020.

Major Federal Agencies Have Guidance for Selection and Oversight of IT Investments, but Two Agency Boards Lack Business Unit Representation

The 24 major federal agencies have guidance calling for department-level IRBs to select and oversee IT investments pursuant to OMB guidance required by the Clinger-Cohen Act, and specified in practices laid out in the ITIM framework. However, while all of the agencies had department-level IRBs, the board membership for two agencies did not include business unit (i.e., mission) representation.

Agency Guidance Calls for Department-Level IRBs to Select Projects

Each of the agencies had documented guidance that called for a department-level IRB to perform selection of the projects to be included in the agency's IT investments. For example, according to the Department of the Treasury's guidance, its department-level IRB is to consider investment scoring results and recommendations that are provided to it by the Chief Information Officer Council (a subordinate board) and select which investments will be included in Treasury's IT investment portfolio. The Department of Transportation's recently issued IT investment management policy delegates responsibility for project selection, as well as project oversight, to its component-level investment review boards, but requires its components to establish and/or document the existence of their boards, specifies the roles and responsibilities these boards are to have, and establishes specific metrics to be used by the department-level IRB to measure the performance of the component boards.

Agency Guidance Calls for
Department-Level IRBs to
Oversee Projects

As with project selection, each of the agencies had documented guidance that called for the department-level IRB to conduct an oversight reviews of projects, and the frequency of these reviews varied (see fig. 1 for a breakdown of the frequency of oversight reviews specified in agencies' guidance).

Figure 1: Frequency of Department-Level IRB Oversight Reviews

- Annually
- Semiannually
- Quarterly
- Monthly
- Varies
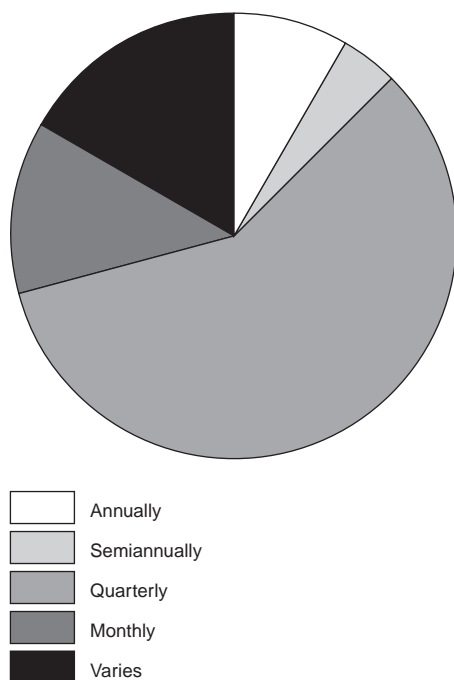
Source: GAO analysis of agency data.

Note: Two agencies' guidance calls for annual reviews; 1, semiannual; 14, quarterly; 3, monthly; and 4 vary.

For 20 of the 24 agencies, the guidance allowed the delegation of oversight reviews to other entities. In these cases, the agencies had guidance in place to help ensure that these other entities were effectively carrying out their responsibilities. At the remaining four agencies—the National Science Foundation, Small Business Administration, Department of State, and the U.S. Agency for International Development —project oversight was to be primarily performed by the department-level IRB. By having guidance specifying department-level IRB selection and oversight of projects, agencies recognize the importance of involving those who have the ultimate responsibility and accountability for the organization's success in key project decisions.

Two Agencies' Department-Level Boards Lack Business Unit Representation

It should be noted, however, that while all of the agencies had guidance requiring department-level IRBs to be responsible for selecting and overseeing projects, the boards at the Departments of Commerce and Labor did not include senior executives from business units (e.g., line or mission units) as called for in the ITIM framework.[20] Specifically, these boards consisted of executives from IT and other department mission support units, such as the Chief Financial Officer, Director of Budget, or Controller, as well as administrative officers, but did not have appropriate line or mission representation from the organizations' business units. We have previously reported that because allocating resources among major IT investments may require fundamental trade-offs among a multitude of business objectives, portfolio management decisions are essentially business decisions and therefore require sufficient business representation on the department-level IRB.[21]

The two agencies with boards that did not include senior executives from business units offered the following rationales for this practice.

- The Department of Commerce reported that it does not include nontechnical program representatives on its department-level IRB because it would be impractical to have fair representation of all 12 of the major agencies and the dozens of major programs comprising the department. In addition, Commerce reported that it is run on a federated basis, putting responsibility on each of the department's operating units to prioritize its own investments in determining which should be reviewed by the department. Finally, Commerce stated that it does not prioritize among investments from its different operating units; instead, departmental officials work with each operating unit to ensure that the investment and investment strategy being recommended is optimum for meeting that operating unit's mission. We have previously reported that using this approach of giving responsibility to subordinate units should include appropriate department-level involvement, either through review and approval of their investments that meet certain criteria or through awareness of the subordinate unit's investment management activities.[22] We believe that this corporate visibility should be provided by a board

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[20]According to the ITIM framework, agencies should establish an enterprisewide IT IRB composed of senior executives from IT and business units.

[21]GAO-06-11.

[22]GAO, *Business Systems Modernization: DOD Needs to Fully Define Policies and Procedures for Institutionally Managing Investments*, GAO-07-538 (Washington, D.C.: May 11, 2007).

composed of executives from both business and IT units to ensure that decisions made are in the best interest of the entire department. In addition, while Commerce's practice may not be to prioritize among the investments at the department level, the department has ultimate responsibility for the success of its operating units' investments and the department-level IRB should therefore include business representation to ensure that decisions made are in the best interest of the agency.

- The Department of Labor reported that the senior IT and administrative executives who serve on its department-level IRB, have in-depth, detailed, and expert knowledge of their units' missions and business objectives and are capable of representing their units' interests. However, we have previously reported that IT and administrative executives responsible for mission support functions do not constitute sufficient business representation because, by virtue of their responsibilities, they are not in the best position to make business decisions.[23]

Until these agencies adjust their board memberships to include representation from their business units, they will not have assurance that the department-level IRB includes those executives who are in the best position to make the full range of decisions needed to enable the agency to carry out its mission most effectively.

Many Projects Did Not Receive a Department-Level IRB Selection or Oversight Review

Although all the major agencies had guidance calling for a department-level IRB selection or oversight review, many of the projects we examined did not receive one of these reviews. Specifically, 12 of the 24 projects identified by OMB as being poorly planned in 2007 (accounting for about $4.9 billion) did not receive a selection review, and 13 of 28 poorly performing projects in 2007[24] (amounting to about $4.4 billion) did not receive an oversight review by the department-level IRB. Furthermore, 6 of the 11 projects identified as being both poorly planned and poorly performing, with nearly $3.7 billion in funding in the President's fiscal year 2008 budget request, received neither a selection review nor an oversight review.

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[23]GAO-06-11.

[24]Three of the 28 poorly performing projects we selected reported performance shortfalls in 2006.

Half of the Poorly Planned Projects Did Not Receive a Selection Review by a Department-Level IRB

Of the 24 poorly planned projects in 2007 that we reviewed, 12 projects did not receive a selection review, while 12 were reviewed by the department-level IRB.[25] The requested funding level for these 24 poorly planned projects was about $7.3 billion. The 12 projects that were reviewed by a department-level IRB accounted for approximately $2.4 billion, while the 12 projects not reviewed accounted for about $4.9 billion, about two thirds of the total requested funding for the 24 projects (see fig. 2 and table 1).

Figure 2: Percentage of Projects That Received a Selection Review by a Department-Level IRB

Dollars in millions

☐ Projects reviewed

▨ Projects not reviewed
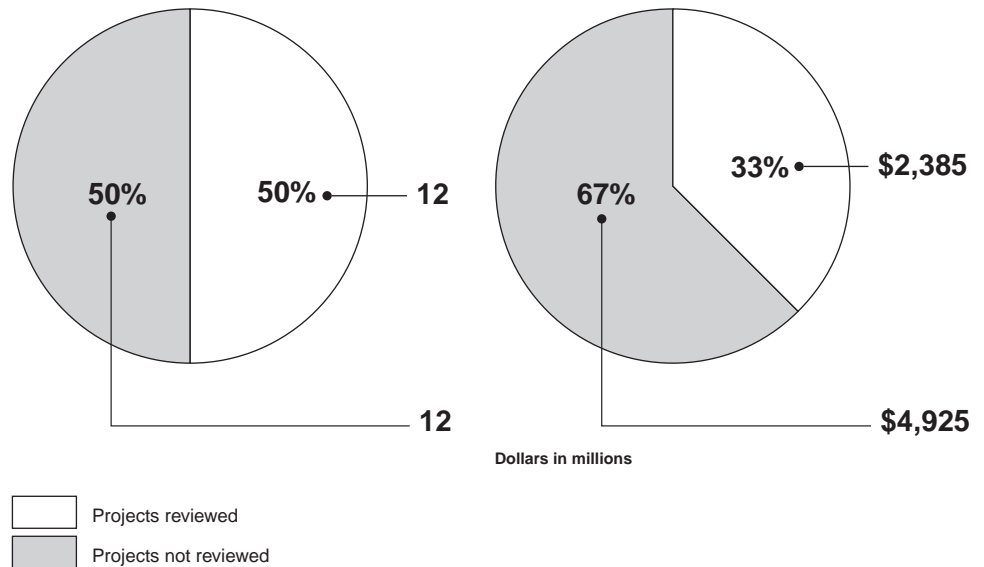
Source: GAO analysis of agency data.

We assessed five projects as not having received department-level IRB selection reviews because the agencies did not provide evidence of such reviews. Agencies offered varying reasons for why selection reviews had not been performed for the remaining seven. Table 1 shows whether projects we reviewed received a selection review from the department-level IRB and lists reported reasons why no review was performed, where applicable.

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[25]In some cases, the department-level IRBs' selection review consisted in approving selections made by other entities, including lower-level boards or component agencies.

Table 1: Project Selection Reviews by Department-Level IRBs

Dollars in millions

Agency	IT investment/project	FY 2008 request	Dept. IRB selection review?	Reported reason for lack of selection review
Agriculture	Consolidated Infrastructure, Office Automation & Telecom	$843	Yes	Not applicable
Agriculture	Modernize & Innovate the Delivery of Agriculture Systems (MIDAS)	$151	Yes	Not applicable
Commerce	U.S. Patent and Trademark Office (USPTO) Patent Automation Program	$91	No	Project not required to be reviewed by department-level IRB because it belongs to the USPTO, a performance-based organization.
Defense	Defense Information System for Security	$65	Yes	Not applicable
Education	Common Services for Borrowers	$15	No	Project not required to be reviewed by department-level IRB because it is under the oversight of the *Federal Student Aid* Executive Leadership Team.
General Services Administration	Federal Supply Service 19	$31	Yes	Not applicable
Health & Human Services	Centers for Medicare & Medicaid Services IT Infrastructure	$126	Yes	Not applicable
Health & Human Services	Food and Drug Administration Consolidated Infrastructure	$102	Yes	Not applicable
Homeland Security	DHS-Infrastructure	$1,071	No	DHS did not provide evidence of a selection review for this project.
Homeland Security	CBP-Secure Border Initiative (SBI) *net*	$1,000	No	DHS did not provide evidence of a selection review for this project.
Labor	New Core Financial Management System (NCFMS)	$12	Yes	Not applicable
National Aeronautics and Space Administration	NASA Office Automation, IT Infrastructure, Telecommunications	$548	No	NASA did not provide evidence that a selection review had been performed by the appropriate department-level review board.
NASA	JSC Software Development/Integration Laboratory	$132	No	NASA did not provide evidence that a selection review had been performed by the appropriate department-level review board.
NASA	Earth Observing System Data Info System	$131	No	NASA did not provide evidence that a selection review had been performed by the appropriate department-level review board.
Nuclear Regulatory Commission	National Source Tracking System (NSTS)	$4	No	Lower-level board performed project selection review.
Nuclear Regulatory Commission	Infrastructure Services and Support	$52	No	Lower-level board performed project selection review.
Office of Personnel Management	Electronic Questionnaire for Processing (eQIP) and Fingerprint Transaction System (FTS)	$17	Yes	Not applicable

Agency	IT investment/project	FY 2008 request	Dept. IRB selection review?	Reported reason for lack of selection review
Small Business Administration	Business Development Management Information System	$0[a]	Yes	Not applicable
Transportation	Combined IT Infrastructure	$234	No	No reason provided by Transportation.
Treasury	Enterprise IT Infrastructure Optimization Initiative	$1,638	No	Department-level board was not active.
Treasury	Integrated Collection System	$9	No	Department-level board was not active.
Veterans Affairs	VistA-Legacy	$352	Yes	Not applicable
Veterans Affairs	VistA Imaging	$41	Yes	Not applicable
Veterans Affairs	IT Infrastructure	$645	Yes	Not applicable
Total	**All 24 projects**	**$7,310**	**24**	
	Projects receiving selection review	**$2,385**	**12**	
	Projects not receiving selection review	**$4,925**	**12**	

Source: GAO analysis of agency data.

[a]Project funding request was less than $500,000, which rounds to $0 in millions.

Following are details on the reasons why the 12 projects did not receive a department-level IRB review:

- A project belonging to Commerce's USPTO was not reviewed by the department-level IRB, according to the agency, because the USPTO is a performance-based organization (PBO),[26] and therefore its projects are not required to be reviewed by the department-level IRB. According to the legislation that established the USPTO as a PBO, the office is subject to the policy direction of the Secretary of Commerce, but it otherwise retains responsibility for decisions regarding the management and administration of its operations and exercises independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions.

- According to the Department of Education, the Common Services for Borrowers project did not receive a selection review by the department-level board because it is under the oversight of the Federal Student Aid Executive Leadership Team. In written comments on a draft of this report, however, the department stated that it plans to bring all of its IT investments under the department-level board's oversight.

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[26]A PBO is a government program, office, or other discrete management unit with strong incentives to manage for results. The organization commits to specific measurable goals with targets for improved performance. In exchange, the PBO is allowed more flexibility to manage its personnel and procurement.

- The Department of Homeland Security did not provide evidence of a selection review for its two projects but noted that it was reengineering its investment management process to include department-level IRB reviews of projects at key milestone decision points.

- Although NASA stated that its three projects were governed by oversight bodies, the documentation provided did not show evidence that reviews had been performed by the appropriate department-level review board.

- At the Nuclear Regulatory Commission, a lower-level board performed the selection reviews. According to the agency's guidance, the department-level board should have performed the reviews. It stated that this board only gets involved when the lower-level board believes issues need to be elevated. However, NRC's guidance does not specify when issues need to be elevated to the department-level IRB. In addition, the agency did not provide any examples of cases when issues had been elevated to the department-level IRB.

- Officials from the Department of Transportation's Office of the Chief Information Officer could not provide a reason why a department-level board selection review of its projects had not been performed. In commenting on a draft of this report, the agency stated that it planned to have this project reviewed in detail by its departmental-level board.

- The Department of the Treasury's projects did not receive a department-level IRB selection review because this board was not active during the time frame we considered during our review. The department, however, has since then reestablished its department-level IRB.

About Half of the Poorly Performing Projects Did Not Receive an Oversight Review by the Department-Level IRB

About half of the poorly performing projects in 2007 we reviewed did not receive an oversight review by a department-level IRB. Of the 28 projects, 13 did not receive an oversight review by the department-level IRB, while 15 did. The President's requested fiscal year 2008 funding for the 28 projects totaled approximately $4.7 billion. The 15 projects that received a review represented approximately $0.3 billion, or 7 percent of the total $4.7 billion funding request, while the 13 poorly performing projects that were not reviewed totaled nearly $4.4 billion, or 93 percent of the total requested funding. (See fig. 3 and table 2.)

Figure 3: Percentage of Projects That Received an Oversight Review by a Department-Level IRB

Dollars in millions

Projects reviewed

Projects not reviewed
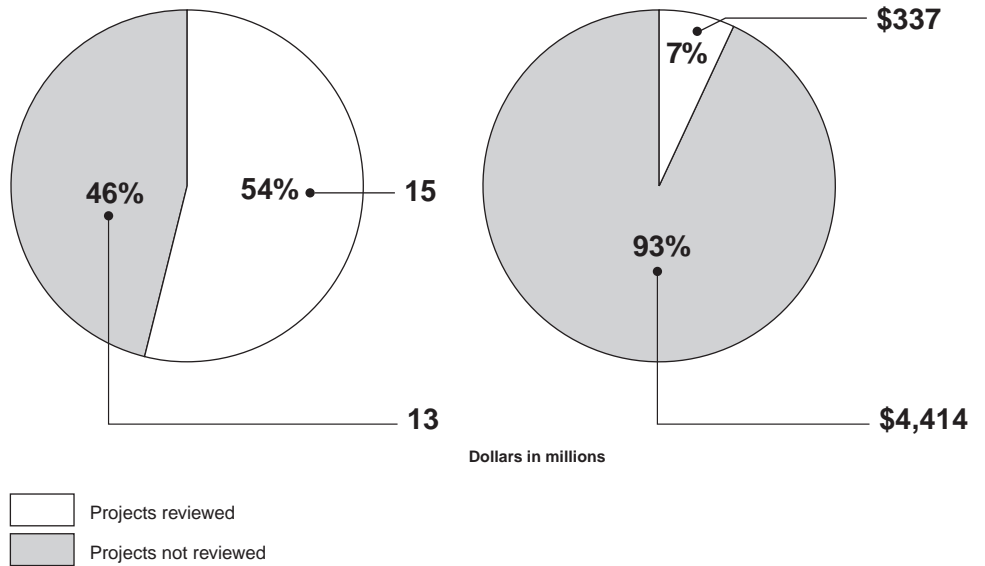
Source: GAO analysis of agency data.

Table 2 shows whether projects received oversight reviews, as well as reported reasons why no review was performed, where applicable.

Table 2: Project Oversight Reviews by Department-Level IRBs

Dollars in millions

Agency	Poorly performing project: high-risk project with performance shortfalls in 2006 or 2007	FY 2008 request	Dept. IRB oversight review?	Reported reason for lack of oversight review
Agriculture	Modernize & Innovate the Delivery of Agriculture Systems	$151	Yes	Not applicable
Commerce	Financial Management Line of Business Migration	$0[a]	Yes	Not applicable
Defense	Integrated Acquisition Environment (IAE) Shared Services Provider – Past Performance Information Retrieval System (PPIRS)	$10	No	Below financial threshold required for review by board.
Defense	Defense Information System for Security	$65	No	Project being rebaselined.
Education	Common Services for Borrowers	$15	No	Project not required to be reviewed by department-level IRB because it is under the oversight of the Federal Student Aid Executive Leadership Team.

Agency	Poorly performing project: high-risk project with performance shortfalls in 2006 or 2007	FY 2008 request	Dept. IRB oversight review?	Reported reason for lack of oversight review
Education	ADvance (Aid Delivery)	$65	No	Project not required to be reviewed by department-level IRB because it is under the oversight of the Federal Student Aid Executive Leadership Team.
Environmental Protection Agency	FM LoB—Migration	$0[a]	Yes	Not applicable
Environmental Protection Agency	eRulemaking	$1	Yes	Not applicable
Health & Human Services	Federal Health Architecture—Managing Partner	$4	Yes	Not applicable
Homeland Security	DHS-Infrastructure	$1,071	No	While DHS provided evidence that a lower-level board had agreed to submit this project to the department-level IRB for review, the agency did not provide evidence that this review had been performed.
Homeland Security	CBP Secure Border Initiative (SBI) *net*	$1,000	No	While DHS stated that this project had received an oversight review by the department-level board IRB, it did not provide sufficient evidence to support this.
Homeland Security	SEI/NPPD US-VISIT	$462	No	While DHS stated that this project had received an oversight review by the department-level board IRB, it did not provide sufficient evidence to support this.
Housing & Urban Development	Integrated Financial Management Improvement Program	$22	Yes	Not applicable
Interior	MMS—OCS Connect	$14	Yes	Not applicable
Justice	FBI Sentinel[b]	$57	Yes	Not applicable
Labor	EFAST2	$19	Yes	Not applicable
Labor	New Core Financial Management System (NCFMS)	$12	Yes	Not applicable
National Aeronautics and Space Administration	Integrated Enterprise Management-Core Financial	$22	Yes	Not applicable
Nuclear Regulatory Commission	National Source Tracking System (NSTS)	$4	No	Review performed by lower-level board.

Agency	Poorly performing project: high-risk project with performance shortfalls in 2006 or 2007	FY 2008 request	Dept. IRB oversight review?	Reported reason for lack of oversight review
Small Business Administration (SBA)	Business Development Management Information System	$0[a]	Yes	Not applicable
SBA	Disaster Credit Management System	$13	Yes	Not applicable
State	State Messaging and Archive Retrieval Toolset	$10	Yes	Not applicable
Treasury	Enterprise IT Infrastructure Optimization Initiative	$1,638	No	Department-level board was not active.
Treasury	Treasury Automated Auction Processing System	$32	No	Department-level board was not active.
Treasury	Integrated Collection System	$9	No	Department-level board was not active.
U.S. Agency for International Development	JAMS System	$12	Yes	Not applicable
U.S. Agency for International Development	HSPD-12	$2	No	Project has not proceeded due to lack of funding.
Veterans Affairs	VistA Imaging	$41	No	Department-level board does not review projects in operations and maintenance.
Total	**All 28 projects**	**$4,751**	**28**	
	Projects receiving oversight review	**$337**	**15**	
	Projects not receiving oversight review	**$4,414**	**13**	

Source: GAO analysis of agency data.

[a]Project funding request was less than $500,000, which rounds to $0 in millions.

[b]We included the Sentinel project in our sample because it was reported as having a performance shortfall (a schedule variance of 14%) in the Department of Justice's high-risk report for September 2007. We have performed several reviews of Sentinel and recognized FBI's recent efforts to improve the project's management. For example, in July 2007, we reported that the FBI had established and was following effective processes to proactively identify and mitigate program risks before they have chance to become actual cost, schedule, or performance problems (GAO-07-912). More recently, we reported that FBI was employing five key acquisition methods that should increase the chances of cost effectively delivering required Sentinel capabilities on time (GAO-08-1014).

Agencies provided several reasons why the 13 projects did not receive oversight reviews, including some which were not consistent with sound management practices:

- One Defense project's funding was below the financial threshold required for a review by the department-level IRB, consistent with the agency's guidance. However, in May 2007 and May 2009, we reported that DOD's guidance and practices did not provide for sufficient oversight and

visibility into component-level investment management activities, including component reviews of investments such as this project.[27] We made recommendations to DOD to address these weaknesses, which DOD has yet to fully implement.

- Another Defense project was reportedly being rebaselined (meaning that its cost, schedule, and performance goals were being modified to reflect a change in the scope of the work) and therefore had not received a review by the department-level IRB. This project, however, continues to be funded and therefore could have benefited from a department-level oversight review.

- According to the Department of Education, the two projects we reviewed did not receive oversight reviews by the department-level IRB because they were under the oversight of the Federal Student Aid Executive Leadership Team. As noted earlier, in written comments on a draft of this report, the department stated it plans to bring all of its IT investments under the department-level board's oversight.

- While DHS provided evidence that a lower-level board had agreed to submit the DHS-Infrastructure project to the department-level IRB for review, the agency did not provide evidence that this review had been performed. The department also stated that SBInet and US-VISIT projects had received an oversight review by the department-level IRB, but did not provide sufficient evidence to support this, including information presented to the board for review. In March 2009, however, DHS officials told us that they had recently made changes to their investment review process and, as part of these changes, were planning to improve the documentation associated with department-level IRB reviews.

- A Nuclear Regulatory Commission project should have received a review by the department-level IRB according to the agency's guidance, but officials told us that, in practice, this board only gets involved when the lower-level board elevates issues. However, agency officials were unable to provide us with any examples where the lower-level board had elevated issues about the project to the IRB.

- The Department of the Treasury's projects did not receive a department-level IRB oversight review because this board was not active during the time frame we considered during our review. The department, however, has since then reestablished its department-level IRB.

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[27]GAO-07-538 and GAO, *Business Systems Modernization: Recent Slowdown in Institutionalizing Key Management Controls Needs to Be Addressed*, GAO-09-586 (Washington, D.C.: May 18, 2009).

- According to the U.S. Agency for International Development, its project did not receive an oversight review because it has not been able to proceed due to lack of funding. We agree that an oversight review was not warranted since there was no activity on the project.

- A Veterans Affairs project was not reviewed because the IRB is not required to review projects in the operations and maintenance stage. Instead, oversight of projects in this stage is the responsibility of the Office of the Chief Information Officer. However, the IRB does not oversee this office's review activities. According to the ITIM framework, boards should ensure projects are reviewed throughout their life cycle. In addition, they must maintain ultimate responsibility for and visibility into the activities of groups that carry out their functions.[28]

About Half of the Projects That Were Both Poorly Planned and Poorly Performing Received Neither a Selection Review Nor an Oversight Review

Six of the 11 projects that were identified as being both poorly planned and poorly performing in 2007 did not receive a selection or an oversight review by the departmental-level IRB. Funding requests for fiscal year 2008 for these 6 projects accounted for about $3.7 billion (see table 3).

Table 3: Department-Level Reviews Received by Poorly Planned and Poorly Performing Projects

Dollars in millions

Agency	IT investment	FY 2008 request	Review(s) received
Agriculture	Modernize & Innovate the Delivery of Agr. Systems (MIDAS)	$151	Selection and oversight
Defense	Defense Information System for Security	$65	Selection
Education	Common Services for Borrowers	$15	**Neither**
Homeland Security	DHS-Infrastructure	$1,071	**Neither**
Homeland Security	CBP-Secure Border Initiative (SBI) *net*	$1,000	**Neither**
Labor	New Core Financial Management System (NCFMS)	$12	Selection and oversight
Nuclear Regulatory Commission	National Source Tracking System (NSTS)	$4	**Neither**
Small Business Administration	Business Development Management Information System	$0	Selection and oversight
Treasury	Enterprise IT Infrastructure Optimization Initiative	$1,638	**Neither**

[28]GAO-04-394G.

Agency	IT investment	FY 2008 request	Review(s) received
Treasury	Integrated Collection System	$9	**Neither**
Veterans Affairs	VistA Imaging	$41	Selection
Total	**All 11 projects**	**$4,006**	
	Projects receiving neither review	**$3,737**	

Source: GAO analysis of agency data.

Without consistent involvement of department-level IRBs in selecting and overseeing projects that have been identified as poorly planned or poorly performing, agencies incur the risk that these projects will not improve, which could lead to potentially billions of federal taxpayer dollars being wasted.

Conclusions

Department-level investment review boards' involvement in selecting and overseeing their agencies' IT projects is critical to ensuring that these projects meet mission needs and that federal funds are not wasted. To their credit, the 24 major federal agencies have established guidance calling for department-level boards to perform project selection and oversight reviews. However, department-level boards for two agencies did not include representation from their business units and therefore did not have assurance that the board included all of the executives who are in the best position to make the full range of decisions needed to enable the agency to carry out its mission most effectively.

While having selection and oversight guidance is a good step, it is only worthwhile if effectively implemented. The fact that many poorly-planned or performing projects were not reviewed by department-level boards is particularly alarming considering that they represent, in total, about $6 billion in funding and that the Management Watch List and High-Risk List were established specifically to draw management attention to such projects. Until agencies ensure that their department-level review boards are consistently involved in selecting and overseeing these projects, they will continue to incur the risk that the projects will not improve and that potentially billions of federal taxpayer dollars will be wasted.

Recommendations for Executive Action

To ensure that IT projects are effectively managed, we are making recommendations to the agencies whose practices were not consistent with sound management practices. Specifically, we recommend that

- the Secretaries of Commerce and Labor ensure their department-level review boards include business unit (i.e., mission) representation;

- the Chairman of the Nuclear Regulatory Commission direct the Executive Director for Operations to define conditions for elevating issues related to project selection and oversight to its department-level IRB; and

- the Secretary of Veterans Affairs define and implement responsibilities for the department-level IRB to oversee projects in operations and maintenance.

In addition, we are recommending that the Secretaries of the Departments of Defense, Education, Homeland Security, Transportation, Treasury, and Veterans Affairs, the Administrator for the National Aeronautics and Space Administration, the Chairman of the Nuclear Regulatory Commission, and the Administrator for the U.S. Agency for International Development ensure that the projects that are identified in this report as not having received departmental-IRB selection or oversight reviews receive these reviews.

Agency Comments and Our Evaluation

We sent a draft of this report to the 24 major agencies and received a response from 20.[29] Of these 20, 15 provided comments, and 5 stated they did not have any comments (we had not made any recommendations to these agencies, which were the Department of Health and Human Services, the Department of State, the Environmental Protection Agency, the National Science Foundation, and the Office of Personnel Management). Of the 15 agencies that provided comments, 11 generally agreed with our recommendations, and 1 (the Department of Justice) did not. Three agencies (the Department of Housing and Urban Development, the Department of the Interior, and the Social Security Administration) provided views on various aspects of our report. Several agencies also provided technical comments, which we incorporated as appropriate.

The agencies' comments and our response are summarized below:

- In written comments on a draft of the report, the Department of Commerce's Chief Information Officer, addressing our recommendation that the department ensure that its department-level review board include business unit (i.e. mission) representation, stated that the department had modified the membership structure of its investment review board to provide operating unit management with latitude in identifying senior managers most able to provide effective representation and, as a result had broadened its

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[29]We did not receive a response from the Department of Agriculture, the Department of Energy, the General Services Administration, or the Small Business Administration.

membership to include chief financial officers from certain operating units as well as the Deputy Director of the Bureau of the Census. The Department of Commerce's comments are printed in appendix II.

- In written comments on a draft of the report, the Department of Defense's Deputy Chief Information Officer concurred with our recommendation to ensure that the Defense Information System for Security receive an oversight review, stating that, going forward, it will ensure that the project receives all required IRB reviews. The department partially concurred with our recommendation to ensure its Integrated Acquisition Environment Shared Services Provider-Past Performance Information Retrieval System receive an oversight review, stating, as indicated in the report, that the project is below the threshold required for department-level IRB oversight. The department stated, however, that the project will be brought before the appropriate department-level IRB for compliance review if, and when it meets the financial threshold. The department also provided technical comments which we have incorporated as appropriate. The Department of Defense's comments are printed in appendix III.

- In written comments on a draft of the report, the Department of Education's Chief Information Officer, agreed with our recommendation to ensure that the two projects we identified in the report as not having received departmental-level IRB selection or oversight reviews receive such reviews, stating that the IRB will review the investments, render decisions as appropriate, and incorporate the results in the IT portfolio currently under review. The department also noted that, while the projects we reviewed were under the oversight of the Federal Student Aid's Executive Leadership Team, they would be brought under the department's oversight along with all other investments. The department disagreed with the statement that the projects reviewed did not receive a selection or oversight review, stating that they had been selected and reviewed by the Federal Student Aid's Executive Leadership Team. In our report, we have clarified the discussion of these reviews by the Executive Leadership Team where appropriate. The Department of Education's comments are reprinted in appendix IV.

- In written comments on a draft of this report, the Department of Homeland Security's Director for Departmental GAO/OIG Liaison Office agreed with the recommendation to conduct department-level reviews of the three programs we reviewed and provided evidence of department Acquisition Review Board reviews for these programs during fiscal year 2008. The department disagreed with the assertion that the department-level review boards were not active in overseeing the three projects we examined during our review and provided decision memoranda—three of which we had not been provided before—as evidence of reviews by the boards in place for 2007, the time period we considered. However, in our

report, we do not state that the department-level boards were not active. Rather, we note that the department did not provide sufficient evidence of department-level IRB reviews. We did not change our assessments for the three projects because the additional documentation received still did not provide sufficient evidence documenting the 2007 reviews.

The documentation we have seen from more recent reviews more completely documents departmental-level IRB reviews and we have noted this in our report. The department also provided technical comments. The department's comments are reprinted in appendix V.

- In written comments on a draft of this report, the Acting Chief Information Officer of the Department of Housing and Urban Development stated that the department-level IRB will maintain its disciplined process for program executives to participate in selecting and overseeing projects. We did not make any recommendations to the department. The Department of Housing and Urban Development's comments are reprinted in appendix VI.

- In written comments on a draft of this report, the Department of the Interior's Deputy Assistant Secretary for Budget and Business Management agreed with our conclusions that consistent involvement of department-level review boards in selecting and overseeing projects, particularly poorly performing projects, is important in safeguarding federal taxpayer dollars. The department also asked that the definition of high-risk projects reflect the fact that some investments designated as such are performing within acceptable thresholds but require heightened awareness and oversight by investment review boards because of their importance. To address this comment, we have added OMB's criteria for designating projects as high-risk to our report background. We did not make any recommendations to the Department of the Interior. The Department of the Interior's comments are reprinted in appendix VII.

- In written comments on a draft of this report, the Department of Justice's Assistant Attorney General for Administration disagreed with our recommendation that it ensure its department-level review board include business unit representation and provided clarification on the role and responsibilities of the Deputy Attorney General who chairs the board and on the participation of component executives in the board's decisionmaking process. Based on this clarification, we agree that the board provides adequate business unit representation. We have noted this change in our report and removed the related recommendation. In its comments, the department also took issue with our use of the term "poorly performing" to characterize the projects we reviewed. We are not implying as the department states that these projects are "near failing." We have clarified our use of the term in the report and, in the case of the Sentinel project—which we have reviewed— acknowledged progress

made in managing the project. The Department of Justice's comments are reprinted in appendix VIII.

- In written comments on a draft of this report, the Department of Labor's Assistant Secretary for Administration and Management addressed our recommendation to ensure that its department-level review board include business unit representation by acknowledging that the board does not include senior executives from business units and stating that, while it believes the executives on the board effectively represented the business interests of their respective organizations, it will consider appropriate and efficient steps for including senior executives from business units as part of the board's process. The Department of Labor's comments are reprinted in appendix IX.

- In e-mail comments on a draft of this report, the Department of Transportation's Director of Audit Relations addressed our recommendation to ensure that the projects we identified as not having received department-level IRB selection or oversight reviews receive these reviews by stating that actions are underway to schedule a summer IRB meeting to review the entire budget year 2011 portfolio of IT investments, and that the Combined IT Infrastructure investment which we reviewed is expected to be reviewed in detail.

- In written comments on a draft of this report, the Department of the Treasury's Deputy Assistant Secretary for Information Systems and Chief Information Officer addressed our recommendation to ensure that the projects we identified as not having received department-level IRB selection or oversight reviews receive these reviews by noting recent efforts to reconstitute a department-level Executive Investment Review Board, increase the oversight role of its Chief Information Officer Council, and remediate weaknesses associated with the three projects we reviewed. The Department of the Treasury's comments are reprinted in appendix X.

- In written comments on a draft of this report, the Secretary of the Department of Veterans Affairs concurred with our recommendations to define and implement responsibilities for the department-level IRB to oversee projects in operations and maintenance by noting that the Programming and Long Term Issues Board will include operational programs/projects in its program reviews for fiscal year 2010. The department also concurred with our recommendation to ensure that the project which we identified as not having received department-level IRB oversight reviews receive these reviews and stated that it will address actions to ensure this in its plan to address our recommendations. The Department of Veterans Affairs' comments are reprinted in appendix XI.

- In written comments on a draft of this report, the National Aeronautics and Space Administration's Associate Deputy Administrator partially concurred with our recommendation that projects which are identified in this report as not having received department-level IRB selection or oversight reviews receive these reviews stating that the departmental board will continue to review major IT investments that are not highly specialized in nature (this includes two of the four projects we reviewed), while another governing body will maintain responsibility for ensuring the overall successful performance of NASA's program portfolio, including the highly specialized IT investments. We received information about the second governing body after we sent our report to NASA for comment. During the comment period, the agency also provided us additional documentation on the projects we reviewed. After reviewing this documentation, we have changed the reported reason column in table 1 from "department-level board was not active (i.e., it had not yet been established)" to "NASA did not provide evidence that a selection review had been performed by the appropriate department-level IRB" for the three projects we reviewed for selection. In addition, we changed the department-level IRB review column in table 2 for the Integrated Financial Management Improvement program from a "no" to a "yes." NASA's comments are reprinted in appendix XII.

- In written comments on a draft of this report, the Nuclear Regulatory Commission's Deputy Executive Director for Corporate Management, Office of the Executive Director for Operations, agreed with our recommendation to define conditions for elevating issues related to project selection and oversight to its department-level IRB stating that the commission will review and enhance the existing guidance for project selection and oversight to ensure that its process is compliant with the intent of the Clinger-Cohen Act. This will include updating the Information Technology Business Council charter for project oversight reviews to include any necessary changes to the process or criteria for review by the Information Technology Senior Advisory Council. The commission also agreed with our recommendation to ensure that the National Source Tracking System which we identified as not having received a selection or oversight review by the department-level IRB receive such review. The Nuclear Regulatory Commission's comments are reprinted in appendix XIII.

- In written comments on a draft of this report, the Commissioner of the Social Security Administration asked that we remove the Information Technology Operations Assurance project we reviewed from our report because it is not a poorly planned or poorly performing project. During the agency comment period, we informed the agency that we would be removing the project from our sample, and, based on clarification provided by the Associate Chief Information Officer that the project reported a

positive cost variance, agreed that it should not be considered poorly performing. We did not make any recommendations to the agency. The Social Security Administration's comments are reprinted in appendix XIV.

- In e-mail comments on a draft of this report, the U.S. Agency for International Development concurred with our recommendation to ensure that the project which we identified as not having received a department-level IRB oversight review receive this review. The agency noted, however, that the review might not occur if the project is not funded.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to other interested congressional committees, the Director of the Office of Management and Budget, and other interested parties. The report also will be available at no charge on the GAO Web site at http://www.gao.gov. Should you or your offices have questions on matters discussed in this report, please contact me at (202) 512-9286 or at pownerd@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in
appendix XV.

David A. Powner
Director, Information Technology
  Management Issues

The Honorable Joseph I. Lieberman
Chairman
The Honorable Susan M. Collins
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Thomas R. Carper
Chairman
The Honorable John McCain
Acting Ranking Member
Subcommittee on Federal Financial Management, Government
    Information, Federal Services, and International Security
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Tom Coburn, M.D.
United States Senate

Appendix I: Objectives, Scope, and Methodology

Our objectives were to determine whether (1) federal departments/agencies have guidance on the role of their department-level investment review boards (IRB) in selecting and overseeing information technology (IT) projects and (2) these boards are performing selection and oversight reviews of poorly planned and performing projects.

To address the first objective, we reviewed the investment management guidance (including policy documents and board charters) of each of 24 agencies listed in the Chief Financial Officers (CFO) Act of 1990[1] (referred to in our report as "the 24 major agencies"). In reviewing the guidance, we determined the role department-level IRBs are expected to play in selecting and overseeing IT projects, updating the findings from our 2004 governmentwide review of agencies' use of key investment management practices.[2] We also reviewed the composition of the boards to determine whether they included senior executives from both IT and business (i.e., mission) units, in accordance with the GAO IT Investment Management framework which identifies the key practices for creating and maintaining successful investment management processes. [3]

For the second objective, we selected a sample of 48 IT projects that were identified as being poorly planned according to the Office of Management and Budget's Management Watch List [4] or reported as poorly performing on the High-Risk Lists[5] or both. To provide a governmentwide perspective, we attempted to select one project from the 2007 Management Watch List and one project from the High-Risk List with performance shortfalls during 2007 for each of the 24 major agencies. We focused on the high-risk projects with performance shortfalls in the areas of cost and schedule since we had reported in September 2007 that these were the most

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[1]31 U.S.C. §901(b).

[2]GAO-04-49.

[3]GAO-04-394G.

[4]The Management Watch List identifies projects that OMB determines to be "poorly planned." When we began our review at the beginning of 2008, OMB had not yet released the fiscal year 2008 Management Watch List.

[5] High-risk projects are identified as having performance shortfalls if one or more of the following performance evaluation criteria are not met: (1) establishing baselines with clear cost, schedule, and performance goals; (2) maintaining the project's cost and schedule variances within 10 percent; (3) assigning a qualified project manager; and (4) avoiding duplication by leveraging inter-agency and governmentwide investments.

frequently reported shortfalls.[6] To obtain broader representation of agencies with high-risk projects, we also selected three High-Risk projects that had performance shortfalls in 2006. From these lists, we selected those projects with the highest funding levels according to the fiscal year 2008 President's budget request. When an agency had a project on only one of the lists (i.e., only the Management Watch List or High-Risk List), we selected at least 2 projects from that list. For example, we selected 2 high-risk projects with shortfalls for the Environmental Protection Agency because the agency did not have any projects on the Management Watch List for the time frame we considered.

Our selection process resulted in 26 projects from the Management Watch List, totaling about $7.4 billion in the fiscal year 2008 budget request, and 33 projects from the High-Risk List, totaling about $5.2 billion in the fiscal year 2008 budget request. Eleven of these projects, totaling about $4 billion, were on both lists. The Department of Energy and the National Science Foundation did not have any projects on the Management Watch List or on the High-Risk List with shortfalls and, therefore, we did not select any projects from these agencies. We removed two Management Watch List projects and five high-risk projects from our initial sample after sending the draft report to agency comment because we determined after further review and discussion with agencies that these projects had not been on the Management Watch List during 2007 or reported negative cost or schedule variances exceeding 10 percent between December 2006 and December 2007. This brought our sample of Management Watch List projects to 24 projects, totaling about $7.3 billion in the fiscal year 2008 budget request and 28 high-risk projects totaling about $4.7 billion in the fiscal year 2008 budget request and the number of projects on both lists to 11 projects totaling $4 billion in the fiscal year 2008 budget request.

To determine whether department-level IRBs were performing selection and oversight reviews of poorly planned and performing projects, we requested evidence of board reviews for the 48 projects in our sample during the time they were either on the Management Watch List or High-Risk List. We analyzed the documentation obtained, and, when reviews had not been performed, we followed up with agencies to determine why the required reviews were not performed. For the oversight reviews, we determined whether project cost, benefit, schedule and risk data had been

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[6]GAO-07-1211T.

provided to the board, but we did not assess the reliability of this
information.

We conducted this performance audit from January 2008 to June 2009 in
Washington, D.C., in accordance with generally accepted government
auditing standards. Those standards require that we plan and perform the
audit to obtain sufficient, appropriate evidence to provide a reasonable
basis for our findings and conclusions based on our audit objectives. We
believe that the evidence obtained provides a reasonable basis for our
findings and conclusions based on our audit objectives.

Appendix II: Comments from the Department of Commerce

UNITED STATES DEPARTMENT OF COMMERCE
Chief Information Officer
Washington, D.C. 20230

JUN 2 2 2009

Ms. Sabine R. Paul
Assistant Director, Information Technology
  Management Issues
Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Ms. Paul:

Thank you for the opportunity to review the draft report "INFORMATION TECHNOLOGY: Federal Agencies Need to Strengthen Investment Board Oversight of Poorly Planned and Poorly Performing Projects, GAO-09-566." This draft report provides an informative assessment of procedures used across the Federal Government to support department-level investment review boards. Specific comments on the content of the draft report are enclosed.

Sincerely,

Suzanne Hilding

Enclosure

Enclosure

**Department of Commerce Comments on
the Government Accountability Office's Draft Report
"INFORMATION TECHNOLOGY: Federal Agencies Need to Strengthen Investment
Board Oversight of Poorly Planned and Performing Projects, GAO-09-566"**

On pages 12 and 13 of the draft report, the Government Accountability Office (GAO) identifies
the Department of Commerce (DOC) as one of three agencies with investment review boards
that do not include senior executives from their business units. For purposes of clarity, it should
be noted that membership on DOC's investment review board does include representation from
across the Department.

At its inception, the investment review board included members from the operating units, which
have principal responsibility for implementing mission-related programs, as well as
Departmental offices with oversight responsibility for information technology (IT) and various
administrative functions. It was – and still is – co-chaired by the Department's Chief
Information Officer (CIO) and the Chief Financial Officer and Assistant Secretary for
Administration (CFO/ASA). Under its initial charter, chief information officers served as their
operating unit's representative on the board. The largest operating units held permanent
positions while smaller operating units held term appointments that changed on a rotating basis.
Program officials and other individuals were included in board activities as needed to
appropriately inform the discussion of any agenda item.

During the course of GAO's review, DOC modified the membership structure of its investment
review board to provide operating unit management with latitude in identifying senior managers
most able to provide effective representation. As a result, operating unit membership has
broadened to include chief financial officers from certain operating units and the Deputy
Director of the Bureau of the Census. The board is still co-chaired by the CIO and CFO/ASA,
and includes active participation by individuals from their organizations with extensive
experience with an array of administrative functions and IT. The board retains the ability to
obtain advice as needed from individuals with other program, technical, or administrative
expertise.

We believe that this interdisciplinary approach complies with GAO's overall recommendation
for improving departmental review boards and oversight processes.

DEPARTMENT OF DEFENSE
6000 DEFENSE PENTAGON
WASHINGTON, DC 20301–6000

CHIEF INFORMATION OFFICER

JUN 22 2009

Mr. David A. Powner
Director, Information Technology Management Issues
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Powner:

This is the Department of Defense (DoD) response to the GAO Draft Report, GAO-09-566, "INFORMATION TECHNOLOGY: Federal Agencies Need to Strengthen Investment Board Oversight of Poorly Planned and Performing Projects," dated May 27, 2009 (GAO Code 310862).

Enclosed are the Department's responses to the Draft GAO Report GAO-09-566. The Department concurs with the recommendation for the Defense Information System for Security (DISS) and partially concurs with the recommendation for the Integrated Acquisition Environment (IAE) Shared Services Provider (SSP) Initiative. Supporting justification is enclosed.

The Department welcomes GAO's insights and recommendations, and is committed to ensuring that all IT projects receive the appropriate selection and oversight reviews. Thank you for the opportunity to comment on the Draft GAO Report.

Sincerely,

David M. Wennergren
DoD Deputy Chief Information Officer

Enclosure
As stated

GAO DRAFT REPORT DATED MAY 27, 2009
GAO-09-566 (GAO CODE 310862)

"INFORMATION TECHNOLOGY: FEDERAL AGENCIES NEED TO
STRENGTHEN INVESTMENT BOARD OVERSIGHT OF POORLY
PLANNED AND PERFORMING PROJECTS

DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATION

RECOMMENDATION: The GAO recommended that the Secretary of the Department
of Defense ensure that the projects which are identified in this report as not having
received departmental Investment Review Board selection or oversight reviews receive
these reviews.

DOD RESPONSE: Partially Concur. The DoD concurs with the Defense Information
System for security and partially concurs with the Integrated Acquisition Environment
(IAE) Shared Services Provider – Past Performance Information Retrieval System
(PPIRS). Following is the explanation:

- **Defense Information System for Security (DISS):** Concur. The Department is
  committed to ensuring appropriate information technology selection and oversight
  reviews are conducted. It is important to note that the specific system identified in this
  report, DISS, as not having undergone an investment review board (IRB) oversight
  review was denied FY 2008 modernization funding requested during its 2007 selection
  review and therefore did not require a subsequent IRB oversight review. Since that
  time, as noted in the report, DISS went through a rebaselining process, during which,
  the overall Joint Security Clearance Reform effort, of which DISS is a part, was
  overseen by Department of Defense, Director of National Intelligence, Office of
  Management and Budget, and the Office of Personnel Management senior leadership to
  include the supporting Information Technology elements. Following rebaselining,
  DISS received another review by the departmental-IRB and approval for modernization
  funding for FY 2009. Going forward, the Department will ensure that DISS continues
  to undergo all required reviews.

- **Integrated Acquisition Environment (IAE) Shared Services Provider – Past
  Performance Information Retrieval System (PPIRS):** Partially Concur. IAE is a
  federal-wide E-Government (E-Gov) Initiative that is managed by the General Services
  Administration, of which PPIRS is just one of multiple systems. The Department's
  Business Transformation Agency (BTA) manages the PPIRS program as a Shared
  Service Provider (SSP) on behalf of the federal government.

Enclosure
Page 1 of 2

OMB guidance issued to all federal agencies dated February 26, 2007, required all
E-Gov and Line of Business Initiatives be included on the OMB High Risk List (HRL),
due to the high visibility and government-wide impact of these initiatives. As a result,
PPIRS was included on the HRL as an IAE Shared Service Provider starting in
Q1 FY 2007.

As indicated in the report, the PPIRS modernization budget is significantly less than the
threshold that requires DoD-level IRB oversight. However, PPIRS does receive BTA
level quarterly program reviews to ensure compliance with the Department's
investment review requirements. If, and when PPIRS meets the financial threshold, it
will be brought before the appropriate departmental-IRB for compliance review.

Recommend that Table 2 (p21/GAO Draft Report) be updated to reflect the "Integrated
Acquisition Environment (IAE) Shared Services Provider – Past Performance
Information Retrieval System (PPIRS)" vice the "Integrated Acquisition Environment
(IAE) Shared Services Provider."

Enclosure
Page 2 of 2

Appendix IV: Comments from the Department of Education

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE CHIEF INFORMATION OFFICER

THE CHIEF INFORMATION OFFICER

June 16, 2009

Mr. David A. Powner
Director
Information Technology Management Issues
Government Accountability Office
Washington, DC 20548

Dear Mr. Powner:

I am writing to respond to recommendations made in the Government Accountability Office (GAO) draft report "Federal Agencies Need to Strengthen Investment Board Oversight of Poorly Planned and Performing Projects" (GAO-09-566). This report focused on the existence and operation of structures and processes that support Investment Review Board (IRB) activities, specifically those related to the selection and oversight of information technology (IT) investments.

The Department appreciates the opportunity to review and respond to the draft report and recognizes that it is critical to plan and manage IT projects effectively to ensure that limited resources are invested appropriately. The two projects reviewed are under the oversight of the Federal Student Aid (FSA) Executive Leadership Team (ELT). The ELT reviews and provides oversight for FSA-managed investments before delivering the results to the Department's IRB.

The Department has an operating IRB that meets as needed and a working group of executives -- the Planning and Investment Review Working Group (PIRWG) chartered by the IRB that meets monthly to provide oversight and review of investments. In past years, the PIRWG made investment recommendations to the IRB, and the FSA portfolio was added to the Department's IT budget submission, based on decisions by the FSA ELT. The Department is in agreement with your finding that the cited investments received neither a selection review nor an oversight review by the Department's IRB. However, the Department does not agree with the statement that they did not receive a selection or oversight review because the cited investments were selected and reviewed by the FSA ELT.

I am pleased to note that you found our IRB and investment review processes otherwise appropriate. Going forward I am leveraging our current IT Investment Management structure and processes to bring all investments under Department oversight. Specifically, this year (unlike past years) all FSA investments are being reviewed by the Department's PIRWG consistent with the plan and schedule for all other investments. All FSA investments will be included in a single portfolio recommendation to the Department's IRB. There were no recommendations directed exclusively to Education, but regarding the recommendation that applies:

Recommendation: *In addition, we are recommending that the Secretaries of the Departments of Defense, Education, Homeland Security, Transportation, Treasury, and Veterans Affairs, and the General Services Administration, National Aeronautics and Space Administration, Nuclear Regulatory Commission, and U.S. Agency for International Development ensure that the projects which are identified in this report as not having received departmental-IRB selection or oversight reviews receive these reviews.*

Response:
The IRB will review the investments, render decisions as appropriate and incorporate the results in the IT portfolio currently under review.

Again, I appreciate the opportunity to respond to the GAO report. If you or your staff members have any questions regarding our response, please contact me at (202) 401-0896 or Danny.Harris@ed.gov.

Sincerely,

Danny A. Harris, Ph.D.

U.S. Department of Homeland Security
Washington, DC 20528

Homeland Security

June 22, 2009

Mr. David A. Powner
Director
Information Technology Management Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Powner:

    Re: GAO-09-566 Information Technology: Federal Agencies Need to Strengthen
    Investment Board Oversight of Poorly Planned and Performing Projects
    (GAO Job Code 310862)

The Department of Homeland Security (DHS) appreciates the opportunity to review and
comment on the U.S. Government Accountability Office's (GAO's) draft report referenced
above. The GAO came to several conclusions with regard to the status of executive oversight
at DHS. The Department agrees with some of these assertions and disagrees with others; we
appreciate the opportunity to clarify.

DHS disagrees with the assertion that the Department-level review boards were not active in
overseeing the three identified programs during the period GAO reviewed. The Department
is forwarding Investment Decision Memoranda for the Secure Border Initiative Technology
Program (SBInet), US-VISIT and the DHS IT Infrastructure Transformation Program (ITP)
supporting the actions of its Departmental Executive Review Boards in place at that time --
the Investment Review Board and the Joint Requirements Council. In addition, the
Department has explained to GAO examiners that each of the three programs underwent
Department-level review in 2007 via the Program Review Boards led by the Deputy Secretary
via the Programming, Planning, Budget and Execution (PPB&E) process.
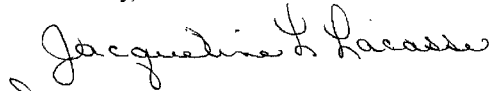
The Department would also like to note that the DHS IT Infrastructure Transformation
Program completed the enterprise development of network, email and data center platforms in
2008 and the program office was stood down. Components are completing their migrations to
the new platforms under the supervision of the Chief Information Officer and the CIO
Council. The ITP only breached performance targets as a result of the impact of Hurricane
Katrina on Gulf Coast operations; it has not requested funds over its approved baseline.

In addition, page 26 of the draft report indicates that the DHS ITP received neither a selection review nor an oversight review. The ITP received selection and oversight reviews prior to the period of GAO's study and received a selection and oversight review by the Department's Joint Requirements Council on April 26, 2006.

Recommendations:

The Department agrees with the recommendation to conduct Department-level review of the three DHS programs and has provided evidence to GAO of the conduct of several DHS Acquisition Review Board reviews for these programs during FY 2008.

Sincerely,

Jerald E. Levine
Director
Departmental GAO/OIG Liaison Office

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-1000

CHIEF INFORMATION OFFICER

JUN 1 7 2009

Mr. David A. Powner
Director
Information Technology Management Issues
Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Powner:

Thank you for the opportunity to comment on the Government Accountability Office (GAO) draft report, entitled *INFORMATION TECHNOLOGY: Federal Agencies Need to Strengthen Investment Board Oversight of Poorly Planned and Performing Projects* (GAO-09-566).

The Department of Housing and Urban Development (HUD) reviewed the draft report. I am pleased that GAO issued no recommendations for HUD. The Department is meeting GAO's standards by (1) establishing guidance on the role of HUD's department-level Investment Review Boards (IRBs) in selecting and overseeing IT projects, and (2) performing reviews on any poorly performing projects.

HUD's department-level IRB will maintain this disciplined process for Program executives to participate in selecting and overseeing projects, as endorsed by GAO and the Office of Management and Budget (OMB).

If you have any questions or require additional information, please contact Stephen A. Hill, Acting Director, Investments, Strategy, Policy and Management at (202) 402-8346.

Sincerely,

Lynn Allen
Acting Chief Information Officer

United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

TAKE PRIDE®
IN AMERICA

JUN 1 7 2009

Sabine Paul
Assistant Director, Information Technology
  Management Issues
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C 20548

Dear Ms. Paul:

Thank you for providing the Department of the Interior the opportunity to review and comment on the draft Government Accountability Office Report entitled "*INFORMATION TECHNOLOGY: Federal Agencies Need to Strengthen Investment Board Oversight of Poorly Planned and Performing Projects,*" *(GAO-09-566).* While there were no findings or recommendations for the Department of the Interior, we appreciate participating in this assessment, as we work to continuously improve and mature our information technology investment management practices. We agree with GAO's conclusions and overall recommendation that consistent involvement of department-level review boards in selecting and overseeing projects, particularly poorly performing projects, is important in safeguarding federal taxpayer dollars.
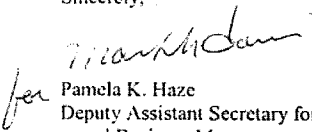
In reviewing the draft report, we would like to point out one statement that needs clarification. Page six, paragraph one of the report states that the "High-Risk List includes projects that are performing poorly... (i.e., projects experiencing performance shortfalls, meaning that they do not meet one or more of four performance evaluation criteria, including cost or schedule variances exceeding 10 percent)." While poorly performing projects are a key focus of the High-Risk List, according to the Office of Management and Budget, "projects on the High Risk List are those requiring special attention from the highest level of agency management, but aren't projects necessarily 'at risk' of failure" (see http://www.whitehouse.gov/omb/pubpress/2008/102308_vue-it.html). An example of this at Interior is our Geospatial One-Stop investment. This investment is on the High-Risk List because it is a federal-wide initiative of high importance and visibility, but is not in danger of failing. It receives regular oversight by our investment review boards and is performing within acceptable cost and schedule variances.

We believe that statements in the report that define the High-Risk List should reflect the fact that some investments included are performing within acceptable tolerances, but require heightened awareness and oversight by investment review boards because of their importance.

If you have any questions, or need additional information, please contact Sylvia Burns, Office of the Chief Information Officer, Portfolio Management Division, at sylvia_burns@ios.doi.gov or (202) 208-4109.

Sincerely,

Pamela K. Haze
Deputy Assistant Secretary for Budget
and Business Management

Appendix VIII: Comments from the Department of Justice

U.S. Department of Justice

JUN 2 2 2009

Mr. David A. Powner
Director, Information Technology Management Issues
United States Government Accountability Office
Washington, DC 20548

Dear Mr. Powner:

The Department of Justice has reviewed the Government Accountability Office's (GAO) draft report "*Information Technology: Federal Agencies Need to Strengthen Investment Board Oversight of Poorly Planned and Performing Projects.*" (GAO-09-566) and provides the following comments on the report's conclusions, findings and recommendations. The Department concurs with most of what the GAO found. However, we take issue with the following.

The Recommendation

The Department disagrees with the auditors' conclusion that led to the following recommendation.

> The Secretaries of Commerce, Labor, and Justice ensure their department-level review boards include business unit (i.e., mission) representation.

This recommendation appears to be based on a GAO misconception that Department business unit representatives do not participate directly in the decisions made by the Department's Investment Review Board (DIRB). The GAO reached this conclusion, it says, from its observation that business unit representatives are not among the standing members of the DIRB and, consequently, they do not vote on DIRB matters. In its draft report, the GAO notes that it reviewed the DIRB Charter and reports that summarized what transpired at meetings of the DIRB. Although much of what the GAO observed is accurate, the GAO report is silent on many facts that, had they been considered, show that the DIRB includes business unit representatives from the Department. Moreover, these people play key roles in decisions by the DIRB as the following demonstrates:

a. First, included among the DIRB membership is the most senior business manager at the Department—the Deputy Attorney General. Also, he is not just a member: the Deputy Attorney General is the Chairman of the DIRB. In addition to his direct participation, he exercises significant authority in DIRB decision making. The Deputy Attorney General is second only to the Attorney General in "formulating and implementing Department policies and programs and in providing overall supervision and direction to all organizational units of the Department." 28 C.F.R. Section 0.15(b).

David A. Powner   2

    b. Second, the DIRB is empowered to include business representatives in its deliberations
        and the DIRB exercises that power, facts not mentioned in the draft report. The DIRB
        Charter authorizes the DIRB to invite into its deliberations executives from Department
        business units responsible for information technology (IT) projects under DIRB review.
        Furthermore, the DIRB periodically invites executives from other Department
        components for the purposes of ensuring transparency and a comprehensive
        understanding of the IT activity. When they attend, these executives participate fully;
        they express concerns and raise issues, share their views on user/customer expectations
        regarding the investment under review, comment on any project risks, and help evaluate
        the effectiveness of the program management team. In summary, these executives fully
        participate in the DIRB deliberations, and their views substantially influence a project's
        assessment. The fact that only official DIRB members vote does not rule out
        consideration of the views of these business representatives.

        The vote by the DIRB is advisory; the Deputy Attorney General, as the Chairman of the
        DIRB, has the final authority to approve or reject the Board' recommendation(s), and to
        dictate changes, if he deems any are necessary.

    c. Third, the Department believes it would be unwise to extend DIRB voting authority to
        the business unit representatives. The Department chose to limit voting authority to those
        DIRB members identified in the Charter. The Department believes that extending a vote
        to a representative from the business unit sponsoring a project would create the
        appearance of bias, if not actually permitting that person to influence the Board's review.
        The issue of voting rights was evaluated when the DIRB was organized and chartered. It
        was decided to assign Department-level executives only as voting members. The role of
        business unit executives was limited for the reasons already explained.

GAO Inclusion of List with Unnecessarily Inflammatory Subtitle

Finally, the Department believes wording chosen by the GAO unfairly mischaracterized
Department IT projects. On Table 2 (at page 21) the GAO lists a number of IT projects under
the heading "Poorly performing project: High risk project with performance shortfalls in 2006
and 2007." The term "poorly performing" is inherently negative and, with respect to the projects
of the Department of Justice, improperly used. These projects are not near failing. Nor are
issues from 2006, as shown in your chart on page 22, representative of the current status of these
projects.

For example, the GAO included on its list the SENTINEL project, an undertaking by the Federal
Bureau of Investigation (FBI). The Office of Management and Budget (OMB) created the High
Risk List. In one of its publications, the OMB cautions "Projects on the High Risk List are those
requiring special attention from the highest level of agency management, but aren't projects
necessarily 'at risk' of failure." Nevertheless, the GAO equates projects on the OMB High Risk
list with "performance shortfalls." In fact, SENTINEL was placed on the OMB High Risk List
because of its high cost and importance to the FBI mission. The GAO should know that the
SENTINEL project has achieved operational successes. In its most recent audit of SENTINEL
(*see,* GAO Report No. 08-1014), the GAO applauded SENTINEL for implementing five key

David A. Powner   3

methods for acquiring commercial information technology solutions and the GAO went so far as
to suggest that the Department adopt these methods as standard practices.

Similarly, the Unified Financial Management system is moving ahead as expected. The Drug
Enforcement Administration became the second Department component to fully implement the
new system when it "went live" worldwide in January 2009. The Federal Bureau of
Investigation (FBI) has implemented the Contract Writing Tool. The Bureau of Alcohol,
Tobacco, Firearms, and Explosives (ATF) recently successfully completed Phase 1 of its
implementation of the system. The Federal Bureau of Prisons (BOP) is on-schedule executing a
regional rollout of UFMS Acquisitions Functionality, with two out of four groups going live in
June and the remainder scheduled to complete in July. For the BOP implementation, the UFMS
program was able to react rapidly and provide an earlier-than-planned implementation when
BOP found that their legacy application's failure was imminent.

The GAO should modify the table headings to more properly convey the high visibility and
importance of these projects rather than using the current terms which connote pending failure.

The Department appreciates this opportunity to comment on the draft report prepared by the
GAO.

Should you have any questions regarding this topic, please do not hesitate to contact
Richard Theis, DOJ Audit Liaison, on 202-514-0469.

Sincerely,

Michael H. Allen

For Lee J. Lofthus
Assistant Attorney General
for Administration

U.S. Department of Labor   Office of the Assistant Secretary
for Administration and Management
Washington, D.C. 20210

JUN 1 7 2009

David A. Powner
Director
Office of Information Technology Management Issues
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Powner:

Thank you for the opportunity to review and comment on the Government Accountability Office's (GAO) draft report titled: *Information Technology: Federal Agencies Need to Strengthen Investment Board Oversight of Poorly Planned and Performing Projects (GAO-09-566)*.

GAO correctly reflects the Department's view that its information technology investment review board—in Labor referred to as the Technical Review Board (TRB)—is comprised of senior IT and administrative executives from each of the Department's agencies, bureaus and offices who have in-depth, detailed and expert knowledge of their units' missions and business objectives.

The draft report observes, however, that Labor's staffing for its TRB does not in all respects comport with GAO's previous government-wide recommendation that IT investment boards should also include executives from the business units. In the draft report, GAO reasons that "...IT and administrative executives responsible for mission support functions do not constitute sufficient business representation because, by virtue of their responsibilities, they are not in the best position to make business decisions."

We acknowledge that Labor's TRB does not include senior executives from business units. However, as stated during the review, it is our experience that the executives on Labor's Board perform very effectively in representing the business interests of their respective organizations.

To the extent that the draft report is intended to associate "poorly planned and poorly performing" IT projects with management oversight, the report should acknowledge that the Department has a very robust IT investment review process that includes:

- Earned Value Management reporting for major IT development programs, which includes monthly reporting that highlights cost and schedule variances;
- Quarterly IT program reviews (currently 62 programs are reviewed) that monitor cost, schedule, and performance, as well as enterprise architecture and IT security requirements; and
- Corrective Action Plan requirement for IT investments that approach or exceed the ten percent variance that specifies how the program manager will correct variances.

In our experience, these management controls provided effective, regular monitoring of the performance of IT investments against planned progress and expectations, as well as timely warning of when corrective action is needed.

With the forgoing in mind, the Department will consider appropriate and efficient steps for including senior executives from business units as part of the TRB process.

Should you, or a member of your staff, have any questions, please contact Tom Wiesner, Deputy Chief Information Officer, at (202) 693-4200 or at Wiesner.Thomas@dol.gov.

Sincerely,

T. Michael Kerr
Assistant Secretary for
Administration and Management

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

JUN 17 2009

David A. Powner
Director, Information Technology Management Issues
U.S. Government Accountability Office
441 G Street N.W.
Washington, D.C. 20515

Dear Mr. Powner:

Thank you for the opportunity to comment on proposed report GAO-09-566, *INFORMATION TECHNOLOGY - Federal Agencies Need to Strengthen Investment Board Oversight of Poorly Planned and Performing Projects before Finalizing*.

In January 2008, recognizing the need to strengthen executive engagement and oversight of the IT portfolio, the Department formally re-constituted a Department-level Executive Investment Review Board (E-Board) chaired by the Deputy Secretary and the Assistant Secretary for Management/CFO. We also modified the CIO Council charter to increase its oversight role. The E-Board met in February, June, and November of 2008, with pre-meetings by the CIO Council, and reviewed the FY 2009 IT portfolio as well as proposed FY 2010 investments. The Board also focused on investments on the OMB Management Watch List and OMB High Risk List, as well as investments with notable cost and schedule variances.

I am pleased to note that two of the three Treasury Department investments GAO highlights, the Treasury Automated Auction Processing System (TAAPS) and the Integrated Collection System (ICS), which were placed on the OMB Management Watch List in September 2007 due to cost and schedule variances in the Exhibit 300's, were remediated successfully in early 2008 and removed from the list. As a result of the reaffirmed mission/business need and the Department's confirmation that the investments were within 10% of cost and schedule goals for all developmental activities, both projects were considered worthy of continuation and selected for inclusion in the Treasury IT portfolio. The Department is currently reassessing how it populates Exhibit 300's to ensure that this data is accurately presented and reported.

The third project highlighted in the GAO report, the Enterprise IT Infrastructure Optimization Project (EITIO), was one of only four major IT investments (of 65) remaining on the OMB Management Watch List by the end of FY 2008. EITIO is an OMB-mandated consolidation of all Treasury IT infrastructure projects. The amalgamated approach produces a composite cost and schedule variance that is not a valid indicator of planning or management on individual IT projects. Since IT infrastructure is integral to the successful performance of the Treasury mission, EITIO was deemed worthy of continuation and selected for inclusion in the Treasury IT portfolio.

Finally, to strengthen oversight and transparency of federal IT investments, we note that OMB will launch the IT Dashboard website at the end of June 2009. The IT Dashboard will provide agencies and the public the ability to view the details of federal IT investments online and to track their progress over time. This tool will further ensure that the management of IT investments remains at the forefront of agency priorities.

Thank you for considering our comments and additional information. If you have any questions, please contact Ms. Diane Litman, Associate Chief Information Officer for Planning and Management, at 202-622-7704.

Sincerely,

Michael D. Duffy
Deputy Assistant Secretary for Information Systems
and Chief Information Officer

THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

June 16, 2009

Mr. David A. Powner
Director, Information Technology Management Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Powner:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, *INFORMATION TECHNOLOGY: Federal Agencies Need to Strengthen Investment Board Oversight of Poorly Planned and Performing Projects* (GAO-09-566) and concurs with GAO's recommendations.

The enclosure specifically addresses each of GAO's recommendations to the Department. VA appreciates the opportunity to comment on your draft report.

Sincerely,

Eric K. Shinseki

Enclosure

Enclosure

DEPARTMENT OF VETERANS AFFAIRS (VA) COMMENTS TO
GAO DRAFT REPORT, *"INFORMATION TECHNOLOGY: Federal Agencies
Need to Strengthen Investment Board Oversight of Poorly
Planned and Performing Projects"*
(GAO-09-566)

GAO Recommendations:

Recommendation 1: The Secretary of Veterans Affairs define and implement
responsibilities for the department-level IRB to oversee projects in operations and
maintenance.

Response: Concur. VA now has processes in place to review all investments. While
the information technology leadership board is the primary/senior executive information
technology investment review board (IRB), the programming and long term issues
board is responsible for oversight and assessment of major information technology
investments (program reviews). The intent is to include operational programs/projects
in the program reviews for fiscal year 2010.

Recommendation 2: The Secretary of Veterans Affairs ensure that the projects which
are identified in this report as not having received departmental-IRB selection or
oversight reviews receive these reviews.

Response: Concur. The Department will provide, in its 60 day letter, a description of
the actions it will take to implement this recommendation.

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Appendix XII: Comments from the National Aeronautics and Space Administration

National Aeronautics and
Space Administration
Office of the Administrator
Washington, DC 20546-0001

June 16, 2009

Mr. David A. Powner
Director, Information Technology Management Issues
United States Government Accountability Office
Washington, DC 20548

Dear Mr. Powner:

Thank you for the opportunity to review and comment on your draft report entitled, *"Federal Agencies Need to Strengthen Investment Board Oversight of Poorly Planned and Performing Projects"* (GAO-09-566).

In the draft report, GAO makes a total of four recommendations intended to ensure that information technology (IT) projects are effectively managed. Of the four recommendations communicated in the report, one is addressed to NASA, specifically:

Recommendation 4: We are recommending that the Secretaries of the Departments of Defense, Education, Homeland Security, Transportation, Treasury, and Veterans Affairs, and the General Services Administration, National Aeronautics and Space Administration, Nuclear Regulatory Commission, and U.S. Agency for International Development ensure that the projects which are identified in this report as not having received departmental-Investment Review Board selection or oversight reviews receive these reviews.

Response: Partially concur. The NASA Information Technology Strategy and Investment Board (IT SIB) was chartered on March 11, 2008, to review and approve all significant IT investments that are not highly specialized in nature. Highly specialized IT is defined as IT that is an embedded component of a flight system, experiment, simulator, ground support equipment, or mission control center. Two of the four projects identified are subject to the review of the NASA IT SIB: (1) NASA's Office Automation, IT Infrastructure, Telecommunications (OAIIT), and (2) NASA's Integrated Enterprise Management Program (IEMP) – Core Financial. These steady state investments, along with NASA's other major IT investments, were presented to the IT SIB in June 2008 for confirmation to continue. The NASA IT SIB will conduct a review of major investments again in June 2009, as part of the Planning, Programming, Budget, and Execution process. Prior to 2008, review and oversight of OAIIT was conducted by the NASA Chief Information Office's (CIO) Board in concert with periodic face-to-face meetings of the Board; oversight of IEMP was provided by the Program Management Council (PMC) and transferred to the Operations Management Council in 2007.

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The two other projects identified in the report are considered highly specialized IT: (1) JSC Software Development/Integration Laboratory, and (2) Earth Observing System Data Information System (EOSDIS). Life-cycle management of highly specialized IT projects is in accordance with NASA Procedural Requirement (NPR) 7120.5, "*Space Flight Program and Project Management Requirements*" or NPR 7120.8, "*NASA Research and Technology Program and Project Management Requirements*" and is subject to applicable governance structures there under. The EOSDIS program is subject to the OMB Program Assessment Rating Tool (PART) and is specifically governed by the NASA PMC upon referral from Earth Science Flight Program Reviews. The JSC Software Development/Integration Laboratory is a critical capability funded by the Space Shuttle Program, Space Station Program, and Constellation Program, which are subject to OMB PART, as well as oversight by the NASA PMC, upon referral by the Program Control Boards. Therefore, review of these projects by the IT SIB is unnecessary, as well as inconsistent with NASA policy and procedures.

In summary, the NASA IT SIB will continue to review major IT investments that are not highly specialized in nature, while the NASA PMC will maintain responsibility for ensuring the overall successful performance of NASA's program portfolio, including the highly specialized IT investments there under.

My point of contact for this matter is Gary Cox, Associate CIO for Policy and Investment. He may be contacted by e-mail at Gary.Cox-1@nasa.gov or by telephone at (202) 358-0413.

Sincerely,

Charles H. Scales
Associate Deputy Administrator

Appendix XIII: Comments from the Nuclear Regulatory Commission

Mr. David A. Powner, Director
Information Technology Management Issues
U.S. Government Accountability Office
Washington, D.C. 20548

Dear Mr. Powner:

Thank you for the opportunity to provide comments on the Government Accountability Office
(GAO) draft report titled: "*INFORMATION TECHNOLOGY: Federal Agencies Need to
Strengthen Investment Board Oversight of Poorly Planned and Performing Projects
(GAO-09-566)."*

The study found that two U.S. Nuclear Regulatory Commission (NRC) Information Technology
(IT) projects, National Source Tracking System (NSTS) and Infrastructure Services and
Support, did not receive a selection review by the department-level Investment Review Board.
The report also found that the NSTS had not received an oversight review by the department-
level Investment Review Board. The study considered the Information Technology Senior
Advisory Council (ITSAC) as NRC's department-level Investment Review Board and the
Information Technology Business Council (ITBC) as the lower-level review board. However, in
practice, both the ITSAC and the ITBC are comprised of executives from the NRC's major
offices and both function as and should be considered department-level investment review
boards.

The NRC agrees with the findings and the recommendations in the report. The NRC will review
and enhance the existing guidance for project selection and oversight to ensure that the agency
process is compliant with the intent of the Clinger-Cohen Act. This will include reauthorizing on
a periodic basis the role of the ITBC as the agency-level board responsible for project selection
and oversight reviews. Additionally, the NRC will update the ITBC charter for project oversight
reviews to include any necessary changes to the process or criteria for review by the ITSAC. At
a minimum, the updated process will require a project oversight review at key checkpoints
identified during the initial business case approval process and will also require further review
by the ITSAC if the project meets specified criteria. Finally, as GAO recommended, the NSTS
will have an oversight review by the ITSAC.

D. Powner   -2-

Please change the language in the "Recommendations" section on page 27 of the report as
follows. The recommendation that reads "the Commissioner of the Nuclear Regulatory
Commission define conditions for elevating issues related to project selection and oversight to
its department-level;" should be changed to "the Executive Director for Operations of the
Nuclear Regulatory Commission define conditions for elevating issues related to project
selection and oversight to its department-level;". In addition the 3rd recommendation should be
addressed to the Chairman of the Nuclear Regulatory Commission.

Sincerely,

For

Darren B. Ash
Deputy Executive Director
  for Corporate Management
Office of the Executive Director for Operations

SOCIAL SECURITY

The Commissioner

June 23, 2009

Mr. David A. Powner
Director, Information Technology Management Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, D.C. 20548

Dear Mr. Powner:

Thank you for the opportunity to review and comment on the Government Accountability Office
(GAO) draft report, "INFORMATION TECHNOLOGY: Federal Agencies Need to Strengthen
Investment Board Oversight of Poorly Planned and Performing Projects" (GAO-09-566). Our
comments on the report are attached.

If you have any questions, please contact me or have your staff contact Candace Skurnik,
Director, Audit Management and Liaison Staff at (410) 965-4636.

Sincerely,

Michael J. Astrue

Enclosure

SOCIAL SECURITY ADMINISTRATION   BALTIMORE MD 21235-0001

JUN-23-2009 17:02   SOCIAL SERCURITY ADMIN   410 965 3443   P.003

**COMMENTS ON THE GOVERNMENT ACCOUNTABILITY OFFICE (GAO)
DRAFT REPORT, "INFORMATION TECHNOLOGY: FEDERAL AGENCIES NEED
TO STRENGTHEN INVESTMENT BOARD OVERSIGHT OF POORLY PLANNED
AND PERFORMING PROJECTS" (GAO-09-566)**

We have reviewed your governmentwide report, "INFORMATION TECHNOLOGY:
Federal Agencies Need to Strengthen Investment Board Oversight of Poorly Planned and
Performing Projects." We offer the following comments for your consideration.

While you do not make any recommendations for us to consider, we are concerned that our
Information Technology Operations Assurance (ITOA) project is included in the report
and is identified as a poorly planned or poorly performing project. We do not believe
ITOA should be included in the report as a poorly planned or performing project.

Your review selected projects that appear on the Office of Management and Budget's
(OMB) Management Watch List or OMB's High-Risk List. Our ITOA project appears on
OMB's High-Risk List. According to the White House website
(http://www.whitehouse.gov/omb/pubpress/2008/041708_it.html), "Projects on the High
Risk List are those requiring special attention from the highest level of agency
management, but aren't projects necessarily at risk of failure." ITOA meets this
definition—it warrants "special attention from the highest level of agency management,"
but it is not at risk of failure. ITOA's presence on the High Risk List does not indicate that
it is a poorly performing or planned project.

In the report, you used the High Risk List as a source of possible IT projects to select for
the audit. It appears that you applied your own criteria to the projects to identify some of
them as poorly performing. One of your criterion is "maintaining the project's cost and
schedule variances within 10 percent." We believe that you used this criterion to select
ITOA for the report. However, this criterion does not distinguish the reason for the
variance. This distinction is important since a variance could indicate good management
oversight if, for example, contract awards come in lower than anticipated or work is ahead
of schedule or below budget, rather than indicate poor performance.

Specifically, the ITOA project experienced a positive cost variance that should not be
characterized as a shortfall. When the General Services Administration had trouble
acquiring and developing the property necessary for the Durham Support Center, we
quickly adapted the IT project schedule to match the new construction schedule, ensuring
that the equipment was at the right place at the right time. Our management controls
allowed us to keep the IT project on track and generated a positive cost variance.

You should consider the reason for the ITOA project cost variance and remove this project
from the report because it is not a poorly planned or poorly performing project.

TOTAL P.003

Appendix XV: GAO Contact and Staff Acknowledgments

GAO Contact

David A. Powner, (202) 512-9286, or pownerd@gao.gov

Staff Acknowledgments

In addition to the individual named above, Sabine R. Paul, Assistant Director; William G. Barrick; Neil J. Doherty; Nancy E. Glover; Robert G. Kershaw; Lee A. McCracken; Tomas Ramirez; and Kevin C. Walsh made key contributions to this report.