



Highlights of [GAO-04-1089T](#), a testimony before the Subcommittee on Government Efficiency and Financial Management, Committee on Government Reform, House of Representatives.

Why GAO Did This Study

GAO has previously reported on systemic problems the federal government faces in achieving the goals of financial management reform and the importance of using disciplined processes for implementing financial management systems. As a result, the Subcommittee on Government Efficiency and Financial Management, House Committee on Government Reform, asked GAO to review and evaluate the agencies' plans and ongoing efforts for implementing financial management systems.

The results of GAO's review of the Department of Health and Human Services' (HHS) ongoing effort to develop and implement the Unified Financial Management System (UFMS) are discussed in detail in the report *Financial Management Systems: Lack of Disciplined Processes Puts Implementation of HHS' Financial System at Risk* (GAO-04-1008). In this report, GAO makes 34 recommendations focused on mitigating risks associated with the project. In light of this report, the Subcommittee asked GAO to testify on the challenges HHS faces in implementing UFMS.

www.gao.gov/cgi-bin/getrpt?GAO-04-1089T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Jeffrey Steinhoff (202) 512-2600, steinhoffj@gao.gov or Keith Rhodes (202) 512-6412, rhodesk@gao.gov.

FINANCIAL MANAGEMENT SYSTEMS

HHS Faces Many Challenges in Implementing Its Unified Financial Management System

What GAO Found

HHS had not effectively implemented several disciplined processes, which are accepted best practices in systems development and implementation, and had adopted other practices, that put the project at unnecessary risk. Although the implementation of any major system is not a risk-free proposition, organizations that follow and effectively implement disciplined processes can reduce these risks to acceptable levels. While GAO recognized that HHS had adopted some best practices related to senior level support, oversight, and phased implementation, GAO noted that HHS had focused on meeting its schedule to the detriment of disciplined processes.

GAO found that HHS had not effectively implemented several disciplined processes to reduce risks to acceptable levels, including

- requirements management,
- testing,
- project management and oversight using quantitative measures, and
- risk management.

Compounding these problems are departmentwide weaknesses in information technology management processes needed to provide UFMS with a solid foundation for development and operation, including

- investment management,
- enterprise architecture, and
- information security.

GAO also identified human capital issues that significantly increase the risk that UFMS will not fully meet one or more of its cost, schedule, and performance objectives, including

- staffing and
- strategic workforce planning.

HHS stated that it had an aggressive implementation schedule, but disagreed that a lack of disciplined processes is placing the UFMS program at risk. GAO firmly believes if HHS continues to follow an approach that is schedule-driven and shortcuts key disciplined processes, it is unnecessarily increasing its risk. GAO stands by its position that adherence to disciplined processes is crucial, particularly with a project of this magnitude and importance.

HHS indicated that it plans to delay deployment of significant functionality associated with its UFMS project for at least 6 months. This decision gives HHS a good opportunity to effectively implement disciplined processes to enhance the project's opportunity for success.