INFORMATION TECHNOLOGY

OMB Can More Effectively Use Its Management Reviews

Why GAO Did This Study

Federal spending on information technology (IT) is over $60 billion this year and is expected to continue to rise. Accordingly, it is essential that federal IT investments are managed efficiently. Of the 1,200 major IT projects in the President's Budget for Fiscal Year 2005, OMB stated that it had placed about half—621 projects, representing about $22 billion—on a Management Watch List to focus attention on mission-critical IT investments that need management improvements.

GAO was asked to testify on the findings and recommendations made in a report that it recently completed (GAO-05-276), which describes and assesses OMB's processes for (1) placing projects on its Management Watch List and (2) following up on corrective actions established for projects on the list.

What GAO Found

For the fiscal year 2005 budget, OMB developed processes and criteria for including investments on its Management Watch List. In doing so, it identified opportunities to strengthen investments and promote improvements in IT management. However, it did not develop a single, aggregate list identifying the projects and their weaknesses. Instead, OMB officials told GAO that to identify projects with weaknesses, individual analysts used scoring criteria that the office established for evaluating the justifications for funding that federal agencies submit for major projects. These analysts, each of whom is typically responsible for several federal agencies, were then responsible for maintaining information on these projects. To derive the total number of projects on the list for fiscal year 2005, the office polled its individual analysts and compiled the result. However, OMB officials told GAO that because they did not see such an activity as necessary, they did not compile a single list. Accordingly, OMB has not fully exploited the opportunity to use its watch list as a tool for analyzing IT investments on a governmentwide basis.

OMB asked agencies to take corrective actions to address weaknesses associated with projects on the Management Watch List, but it did not develop a structured, consistent process for deciding how to monitor agency corrective actions. According to OMB officials, decisions on monitoring of progress were typically made by the staff with responsibility for reviewing individual agency budget submissions, depending on the staff's insights into agency operations and objectives. Because it did not consistently require or monitor agency follow-up activities, OMB did not know whether the project risks that it identified through its Management Watch List were being managed effectively, potentially leaving resources at risk of being committed to poorly planned and managed projects. In addition, because it did not consistently monitor the follow-up performed on projects on the Management Watch List, OMB could not readily tell GAO which of the 621 projects received follow-up attention.

To help enable OMB to take advantage of the potential benefits of using the Management Watch List as a tool for analyzing and following up on investments, GAO's report included recommendations that OMB develop a single, aggregate Management Watch List and that it develop and use criteria for prioritizing and monitoring the projects on the list. GAO also recommended that the office use the prioritized list for reporting to the Congress as part of its statutory reporting responsibilities. In commenting on a draft of this report, OMB did not agree that the aggregated governmentwide list recommended by GAO is necessary for adequate oversight and management. However, GAO continues to believe that an aggregated Management Watch List would contribute to OMB's ability to analyze IT investments governmentwide and track progress in addressing deficiencies.

United States Government Accountability Office