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Highlights

Highlights of GAO-07-865, a report to congressional requesters

July 2007

INFORMATION TECHNOLOGY

Treasury Needs to Strengthen Its Investment Board Operations and Oversight

Why GAO Did This Study

The Department of the Treasury relies extensively on information technology (IT) to carry out its mission. For fiscal year 2007, Treasury requested about $2.8 billion—the third largest planned IT expenditure among civilian agencies. GAO's objectives included (1) assessing Treasury's capabilities for managing its IT investments and (2) determining any plans the agency has for improving its capabilities. GAO used its IT investment management framework (ITIM) and associated methodology to address these objectives, focusing on the framework's stages related to the investment management provisions of the Clinger-Cohen Act of 1996.

What GAO Recommends

To further strengthen Treasury's investment management capability, GAO recommends that the department develop and implement a plan to establish an executive investment review board and policies and procedures to manage nonmajor investments and address the other weaknesses GAO identified. In e-mail comments on a draft of this report, Treasury stated that the report reflects both Treasury's shortcomings as well as progress to date and recognized the need to take proactive steps to strengthen its investment board operations and oversight of information technology resources and programs.

www.gao.gov/cgi-bin/getrpt?GAO-07-865.

To view the full product, including the scope and methodology, click on the link above. For more information, contact David Powner at (202) 512-9286 or pownerd@gao.gov.

What GAO Found

While Treasury has established many of the capabilities needed to select, control, and evaluate its IT investments, the department has significant weaknesses that hamper its ability to effectively manage its investments. Specifically, the department has executed 19 of the 38 key practices that the ITIM requires to build a foundation for IT investment management (Stage 2), including practices needed to ensure that projects support business needs and that a disciplined process exists for capturing investment information. In addition, the department has executed 11 of the 27 key practices required to manage investments as a portfolio (Stage 3), including documenting policies and procedures for conducting postimplementation reviews (see table). However, Treasury does not have an executive investment review board—a group of executives from IT and business units that is intended to be the final decision-making authority—that is actively engaged in the investment management process. In addition, the department does not have any policies and procedures for managing its nonmajor investments, although they represent almost 70 percent of the total number of investments. Until the department addresses these weaknesses, it will not have the investment management structure needed to effectively assess and manage the risks associated with its multibillion-dollar portfolio.

To its credit, Treasury has initiated efforts to improve its investment management process. For example, it has recently implemented a process for identifying major projects that should receive additional oversight. However, the department has not developed a comprehensive improvement plan that (1) is based on an assessment of strengths and weaknesses; (2) specifies measurable goals, objectives, and milestones; (3) specifies needed resources; (4) assigns clear responsibility and accountability for accomplishing tasks; and (5) is approved by senior-level management. GAO has previously reported that such a plan is instrumental in helping agencies coordinate and guide improvement efforts. Until Treasury develops this plan and the controls for implementing it, the department risks not being able to put in place an effective management process that will provide appropriate executive-level oversight for minimizing risks and maximizing returns.

Treasury's IT Investment Management Capabilities

Stage 2: Building the investment foundation	Key practices executed (percentage)	Stage 3: Developing a complete investment portfolio	Key practices executed (percentage)
Instituting the investment board	3/8 (38)	Defining the portfolio criteria	4/7 (57)
Meeting business needs	2/7 (29)	Creating the portfolio	2/7 (29)
Selecting an investment	6/10 (60)	Evaluating the portfolio	3/7 (43)
Providing investment oversight	2/7 (29)	Conducting postimplementation reviews	2/6 (33)
Capturing investment information	6/6 (100)		
Overall	19/38 (50)		11/27 (41)

Source: GAO.