



INFORMATION TECHNOLOGY

OMB and Agencies Need to Improve Planning, Management, and Oversight of Projects Totaling Billions of Dollars

Highlights of [GAO-08-1051T](#), a testimony to the Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

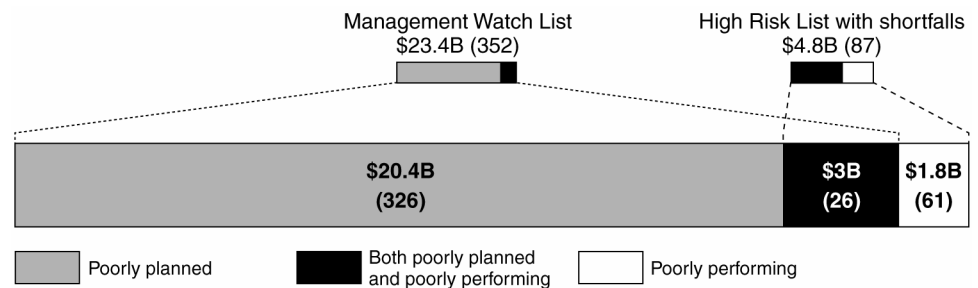
The federal government spends billions of dollars on information technology (IT) projects each year. Consequently, it is important that projects be managed effectively to ensure that public resources are wisely invested. To this end, the Office of Management and Budget (OMB), which plays a key role in overseeing the federal government's IT investments, identifies major projects that are poorly planned by placing them on a Management Watch List and requires agencies to identify high-risk projects that are performing poorly (i.e., have performance shortfalls). Having accurate and transparent project cost and schedule information is also essential to effective oversight. At times, changes to this information—called a rebaselining—are made to reflect changed development circumstances. These changes can be done for valid reasons, but can also be used to mask cost overruns and schedule delays.

GAO has previously testified on the Management Watch List and high risk projects. GAO was asked to (1) provide an update on these projects, (2) identify OMB's efforts to improve the identification and oversight of these projects, and (3) summarize the results of GAO's IT project rebaselining report being released today. In preparing this testimony, GAO analyzed current Management Watch List and high risk project information.

What GAO Found

OMB and federal agencies have identified approximately 413 IT projects—totaling at least \$25.2 billion in expenditures for fiscal year 2008—as being poorly planned, poorly performing, or both. Specifically, through the Management Watch List process, OMB determined that 352 projects (totaling about \$23.4 billion) are poorly planned. In addition, agencies reported that 87 of their high risk projects (totaling about \$4.8 billion) were poorly performing. Twenty-six projects (totaling about \$3 billion) are considered both poorly planned and poorly performing.

Figure: Poorly Planned and Poorly Performing IT Projects (as of July 2008)



Source: GAO analysis of OMB and agency data.

OMB has taken steps to improve the identification of the Management Watch List and high-risk projects since GAO testified last September, including publicly disclosing reasons for placement on the Management Watch List and clarifying high-risk project criteria. However, more needs to be done by both OMB and the agencies to address recommendations GAO has previously made to improve the planning, management, and oversight of poorly planned and performing projects so that potentially billions in taxpayer dollars are not wasted.

In its rebaselining review, GAO reports that 48 percent of the federal government's major IT projects have been rebaselined for several reasons, including changes in project goals and changes in funding. Of those rebaselined projects, 51 percent were rebaselined at least twice and about 11 percent were rebaselined 4 times or more. In addition, while the major agencies have all established rebaselining policies, these policies are not comprehensive. Specifically, none of the policies were fully consistent with best practices, including describing a process for developing a new baseline and requiring the validation of the new baseline. Agencies' policies varied in part because OMB has not issued guidance specifying what elements these policies are to include. In its report, GAO makes recommendations to OMB to issue guidance for rebaselining policies and to the major agencies to develop comprehensive rebaselining policies that address identified weaknesses.

To view the full product, including the scope and methodology, click on [GAO-08-1051T](#). For more information, contact David A. Powner at (202) 512-9286 or pownerd@gao.gov.