



Highlights of [GAO-06-250](#), a report to congressional requesters

Why GAO Did This Study

Each year, agencies submit to the Office of Management and Budget (OMB) a Capital Asset Plan and Business Case—the exhibit 300—to justify each request for a major information technology (IT) investment. The exhibit's content should reflect controls that agencies have established to ensure good project management, as well as showing that they have defined cost, schedule, and performance goals. It is thus a tool to help OMB and agencies identify and correct poorly planned or performing investments. In its budget and oversight role, OMB relies on the accuracy and completeness of this information. GAO was asked to determine the extent to which selected agencies have underlying support for the information in their fiscal year 2006 exhibit 300s. From five major departments having over \$1 billion in IT expenditures in that year, GAO chose for analysis 29 exhibits for projects that supported a cross section of federal activities.

What GAO Recommends

To improve the accuracy and value of exhibit 300s, GAO is making recommendations aimed at improving guidance and training in exhibit 300 requirements and at ensuring limitations on reliability are disclosed and mitigated. In response to a draft of this report, the agencies agreed with the findings or had no comment. OMB accepted the findings but stated that ultimate responsibility for the accuracy and reliability of this information lies with the agencies.

www.gao.gov/cgi-bin/getrpt?GAO-06-250.

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

INFORMATION TECHNOLOGY

Agencies Need to Improve the Accuracy and Reliability of Investment Information

What GAO Found

Underlying support was often inadequate for information provided in the exhibit 300s reviewed. Three general types of weaknesses were evident:

- All exhibit 300s had documentation weaknesses. Documentation either did not exist or did not fully agree with specific areas of the exhibit 300. For example, both these problems occurred in relation to calculations of financial benefits for most investments. In addition, for 23 of the 29 investments, information on performance goals and measures was not supported by explanations of how agencies had initially measured their baseline levels of performance (from which they determine progress) or how they determined the actual progress reported in the exhibit 300.
- Agencies did not always demonstrate that they complied with federal or departmental requirements or policies with regard to management and reporting processes. For example, 21 investments were required to use a specific management system as the basis for the cost, schedule, and performance information in the exhibit 300, but only 6 did so following OMB-required standards. Also, none had cost analyses that fully complied with OMB requirements for cost-benefit and cost-effectiveness analyses. In contrast, most investments did demonstrate compliance with information security planning and training requirements.
- In sections that required actual cost data, these data were unreliable because they were not derived from cost-accounting systems with adequate controls. In the absence of such systems, agencies generally derived cost information from ad hoc processes.

Officials from the five agencies (the Departments of Agriculture, Commerce, Energy, Transportation, and the Treasury) attributed these shortcomings in support to lack of understanding of a requirement or how to respond to it. Agency officials mentioned in particular insufficient guidance or training, as well as lack of familiarity with particular requirements.

The weaknesses in the 29 exhibit 300s raise questions regarding the sufficiency of the business cases for these major investments and the quality of the projects' management. Without adequate support in key areas, OMB and agency executives may be depending on unreliable information to make critical decisions on IT projects, thus putting at risk millions of dollars.

Further, although the 29 examples cannot be directly projected to the over one thousand business cases developed each year across the federal government, the results suggest that the underlying causes for the weaknesses identified need attention. These weaknesses and their causes are also consistent with problems in project and investment management that are pervasive governmentwide, including at such agencies as the Departments of Defense, Health and Human Services, and Homeland Security, as documented in reports by GAO and others.