



Highlights of [GAO-09-624T](#), a testimony before the Subcommittee on Federal Financial Management, Government Information, Federal Services, & International Security, Committee on Homeland Security & Governmental Affairs, U.S. Senate

## Why GAO Did This Study

Billions of taxpayer dollars are spent on federal information technology (IT) projects each year; for fiscal year 2009, federal IT spending has risen to an estimated \$71 billion. Given the size of these investments and their significance to the health, economy, and security of the nation, it is important that the Office of Management and Budget (OMB) and federal agencies are providing adequate oversight and ensuring transparency of these programs. Appropriate oversight and transparency will help ensure that programs are delivered on time, within budget, and with the promised capabilities.

During the past several years, GAO has issued numerous reports and testimonies on OMB's initiatives to highlight troubled projects, justify IT investments, and use project management tools. For example, OMB has used a Management Watch List to identify major projects that were poorly planned and has required agencies to identify high-risk projects that have performance shortfalls. GAO made many recommendations to improve these initiatives and further enhance oversight and transparency of IT projects.

GAO was asked to testify on key OMB efforts to improve the oversight and transparency of federal IT projects. In preparing this testimony, GAO relied on its prior reports and testimonies. GAO also followed up with OMB to determine the status of its efforts to implement past recommendations.

View [GAO-09-624T](#) or key components. For more information, contact David A. Powner at (202) 512-9286 or [pownerd@gao.gov](mailto:pownerd@gao.gov).

## INFORMATION TECHNOLOGY

### Management and Oversight of Projects Totaling Billions of Dollars Need Attention

#### What GAO Found

OMB has made progress implementing several initiatives aimed at improving oversight and transparency of federal IT investments, but as GAO previously reported and recommended, more attention needs to be placed on improving these initiatives. For example, OMB's Management Watch List identified poorly planned projects, and the office also identified and listed high-risk projects failing to meet one of four performance evaluation criteria. OMB took steps to improve the identification of the poorly planned and performing projects by, for example, issuing a central list of Management Watch List projects and publicly disclosing these projects' deficiencies. With regard to the high-risk list, OMB clarified the project criteria and started publicly releasing aggregate lists of high-risk projects on its Web site in September 2006. However, more needs to be done by both OMB and the agencies to address recommendations GAO has previously made, such as identifying and publicizing performance shortfalls on high-risk projects. Additionally, the future of the Management Watch List and high-risk list is uncertain because OMB officials stated that they have not decided if the agency plans to continue to use these lists.

As another step aimed at increasing oversight of agencies' IT investments, OMB required agencies to provide investment justifications for major IT projects to demonstrate both to agency management and to OMB that the projects are well planned. However, GAO raised concerns about the accuracy and reliability of the information agencies used to comply with this requirement and recommended changes to the reporting process. In response, OMB required agencies to disclose weaknesses in their information.

OMB also required the use of earned value management, an approach to project management that can provide insight into project status, warning of schedule delays and cost overruns, and unbiased estimates of total costs. However, GAO identified weaknesses in agencies' use of this management tool. For example, the Federal Aviation Administration was using earned value management to manage IT acquisition programs, but not all programs ensured that their earned value data were reliable. GAO made a number of recommendations to federal agencies to clarify and expand their earned value management policies and strengthen their oversight processes at the program level. Until agencies expand and enforce their earned value management policies, it will be difficult for them to optimize the effectiveness of this management tool.

Building on successes and looking for more efficient and comprehensive ways to bolster oversight and transparency of the federal IT budget will help ensure that federal IT dollars are wisely spent and agency mission performance is enhanced. Accordingly, OMB needs to decide if it is going to continue to use its Management Watch list and high-risk list. If OMB decides not to use these tools, it should promptly implement other appropriate mechanisms to help oversee IT investments.