The uncertain reliability of cost estimates, optimistic schedules, and insufficient processes for ensuring adequate funding reserves have put NASA's latest financial management modernization effort at risk. Over the past several years, IFMP's life-cycle cost estimates have fluctuated, and NASA's current estimate is 14 percent greater than the previous estimate. The reliability of these estimates is uncertain because disciplined cost-estimating processes required by NASA and recognized as best practices were not used in preparing them. For example, IFMP's current life-cycle cost estimate did not include the full cost likely to be incurred during the life of the program, including certain operations costs and costs to retire the system. In addition, NASA did not consistently use breakdowns of work in preparing the cost estimate, as recommended by NASA guidance. In cases where work breakdowns were used, the agency did not always show the connection between the work breakdown estimates and the official program cost estimate. This has been a weakness since the inception.

Although more than half of the IFMP modules have been implemented—including the Core Financial module, which is considered the backbone of IFMP—the system may not be fully implemented by the end of fiscal year 2006 as planned. Efforts to complete the integrated system as quickly as possible might have resulted in schedule margins that are insufficient to manage program challenges—such as personnel shortages, uncertainties about software availability, and Office of Management and Budget (OMB) initiatives to implement electronic systems for agency business processes governmentwide. These OMB initiatives have put IFMP in a reactive mode and are already affecting planning for the payroll, procurement, and travel components of the integrated system, which could result in additional schedule delays and cost growth.

Finally, reserve funding for IFMP contingencies may be insufficient, which is particularly problematic, given the program's unreliable cost estimates and optimistic schedule. One module—Budget Formulation—is already experiencing potential shortfalls in its reserves, and project officials expressed concerns that the module's functionality may have to be reduced. Yet the program continues to establish funding reserves based on reserve levels set by other high-risk NASA programs, such as NASA's space flight program—not on analyses of the potential cost impact of risks and unknowns specific to IFMP, as required by NASA guidance. Moreover, the program did not quantify the cost impact of high-criticality risks—also required by NASA—or link its risks to funding reserves to help IFMP develop realistic budget estimates.