DEPARTMENT OF DEFENSE

Further Actions Needed to Institutionalize Key Business System Modernization Management Controls

Why GAO Did This Study
For decades, the Department of Defense (DOD) has been challenged in modernizing its timeworn business systems. Since 1995, GAO has designated DOD’s business systems modernization program as high risk. Between 2001 and 2005, GAO reported that the modernization program had spent hundreds of millions of dollars on an enterprise architecture and investment management structures that had limited value. Accordingly, GAO made explicit architecture and investment management-related recommendations. Congress included provisions in the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 that were consistent with GAO’s recommendations and required GAO to assess DOD’s actions to comply with these provisions. To do so, GAO reviewed documents and interviewed military officials on the progress the military departments have made relative to developing their respective parts of the federated business enterprise architecture and establishing investment management structures and processes.

What GAO Recommends
Because GAO has existing recommendations that address the long-standing challenges discussed in this report, it is making no further recommendations in these areas. GAO is recommending that DOD complete the implementation of the reorganization of key organizations. DOD agreed with GAO’s recommendation.

What GAO Found
DOD continues to take steps to comply with the act’s provisions and to satisfy relevant system modernization management guidance. Collectively, these steps address several statutory provisions and best practices concerning the business enterprise architecture, budgetary disclosure, and review of systems costing in excess of $1 million. However, long-standing challenges that GAO previously identified remain to be addressed in order for DOD to be in compliance with guidance and the act. In particular,

• While DOD continues to release updates to its enterprise architecture, the architecture has yet to be augmented by a coherent family of component architectures. In this regard, each of the military departments has made progress in managing its respective enterprise architecture program since GAO last reported in 2008. However, each has yet to address key elements, including developing the architecture content, to advance to a level that could be considered mature. For example, while each department has established or is in the process of establishing an executive committee with responsibility and accountability for the enterprise architecture, none has fully developed an enterprise architecture methodology or a well-defined business enterprise architecture and transition plan to guide and constrain business transformation initiatives.

• DOD continues to establish investment management processes, but neither DOD-level organizations nor the military departments have defined the full range of project-level and portfolio-based IT investment management policies and procedures that are necessary to meet the investment selection and control provisions of the Clinger-Cohen Act of 1996. Specifically, with regard to project-level practices, DOD enterprise, Air Force, and Navy have yet to fully define 56 percent of the practices, and Army has yet to do so for 78 percent of the practices. With regard to the portfolio-level practices, DOD enterprise, Air Force, and Navy have yet to fully define 80 percent and Army has yet to do so for any of the practices. In addition, while DOD largely followed its certification and oversight processes, key steps were not performed. For example, as part of the certification process, DOD performed three process assessments specified in DOD guidance, such as assessing investment alignment with the architecture, but did not validate the results of the assessment, thus increasing the risk that certification decisionmaking was based on inaccurate and unreliable information.

It is essential that DOD address GAO’s existing recommendations aimed at addressing these long-standing challenges, as doing so is critical to the department’s ability to establish the full range of institutional management controls needed to address its business systems modernization high-risk program. Department officials attributed the state of progress in part to the uncertainty and pending decisions surrounding the roles and responsibilities of key organizations and senior leadership positions as well as the lack of resources (i.e., people and funding).