

## Why GAO Did This Study

DOD officials have stated that the implementation of enterprise resource planning systems, such as GCSS-Army, is critical to the department's goal of correcting financial management deficiencies and ensuring that its financial statements are validated as audit ready by September 30, 2017, as called for by the National Defense Authorization Act for Fiscal Year 2010.

GAO was asked to review the schedule and cost estimates for selected DOD systems. This report addresses the extent to which the schedule and cost estimates for GCSS-Army were prepared consistent with GAO's Schedule and Cost Guides. The schedule and cost estimates are designed to cover GCSS-Army implementation through 2017.

GAO assessed the schedule and cost estimates that supported DOD's December 2012 full deployment decision, which granted approval for GCSS-Army to be deployed for operational use to all remaining locations. GAO also met with GCSS-Army program officials, including lead schedulers and cost estimators.

## What GAO Recommends

GAO is making two recommendations aimed at improving the Army's implementation of schedule and cost best practices for GCSS-Army. DOD concurred, but the completed actions it described related to the cost estimate were not fully responsive to GAO's recommendation. GAO continues to believe that fully incorporating best practices in the cost estimate would help improve its reliability.

View [GAO-14-470](#). For more information, contact Asif A. Khan at (202) 512-9869 or [khana@gao.gov](mailto:khana@gao.gov) or Nabajyoti Barkakati at (202) 512-4499 or [barkakatin@gao.gov](mailto:barkakatin@gao.gov).

# DOD BUSINESS SYSTEMS MODERNIZATION

## Additional Enhancements Are Needed for Army Business System Schedule and Cost Estimates to Fully Meet Best Practices

### What GAO Found

The Army made some improvements to its schedule and cost estimates that supported the December 2012 full deployment decision for the Global Combat Support System-Army (GCSS-Army); however, the schedule and cost estimates did not fully meet best practices. GAO found that the schedule substantially met the credibility and control characteristics for developing a high-quality and reliable schedule. For example, the schedule was horizontally integrated, which means that it links products and outcomes with other associated sequenced activities. In addition, the GCSS-Army program management officials followed general guidelines for updating the schedule on a regular basis. GAO found that the schedule partially met the comprehensiveness and construction characteristics for a reliable schedule. Specifically, resources were not assigned to specific activities, and the schedule lacked a valid critical path, preventing management from focusing on the activities most likely to have detrimental effects on key program milestones if not completed as planned. By incorporating best practices for developing a reliable schedule, the Department of Defense (DOD) would increase the probability of completing the GCSS-Army program by the projected date.

#### Extent to Which Global Combat Support System-Army Schedule Met Best Practices

| Characteristic   | Assessment        |
|------------------|-------------------|
| Comprehensive    | Partially met     |
| Well-constructed | Partially met     |
| Credible         | Substantially met |
| Controlled       | Substantially met |

Source: GAO analysis based on information provided by the Army. | GAO-14-470

GAO found that the GCSS-Army cost estimate fully or substantially met the comprehensiveness, documentation, and accuracy characteristics of a high-quality and reliable cost estimate. For example, the cost estimate included both government and contractor costs for the program over its life cycle, provided documentation that substantially described detailed calculations used to derive each element's cost, and was adjusted for inflation. In addition, GAO found that the cost estimate partially met the credibility characteristic of a reliable cost estimate. Although program management officials provided a cost model that discussed a limited risk analysis, the results of the risk and uncertainty analysis were not documented. Incorporating best practices would help ensure that DOD has a reliable cost estimate that provides the basis for effective resource allocation, proactive course correction when warranted, and accountability for results.

#### Extent to Which Global Combat Support System-Army Cost Estimate Met Best Practices

| Characteristic  | Assessment        |
|-----------------|-------------------|
| Comprehensive   | Fully met         |
| Well-documented | Substantially met |
| Accurate        | Substantially met |
| Credible        | Partially met     |

Source: GAO analysis based on information provided by the Army. | GAO-14-470