INFORMATION TECHNOLOGY

Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions

Why GAO Did This Study
The federal government invested more than $90 billion on IT in fiscal year 2016. However, prior IT expenditures have produced failed projects. Recognizing the severity of issues, in December 2014 Congress enacted IT acquisition reform legislation (referred to as the Federal Information Technology Acquisition Reform Act, or FITARA). Among other things, OMB’s FITARA implementation guidance requires covered agencies’ chief acquisition officers to identify IT contracts for the CIOs to review and approve.

GAO’s objectives were to determine the extent to which (1) federal agencies identify IT contracts and how much is invested in them, and (2) federal agency CIOs are reviewing and approving IT acquisitions. To do so, GAO reviewed data on IT contracts from fiscal year 2016 at 22 agencies and compared agency actions to law and OMB guidance.

What GAO Recommends
GAO is making 39 recommendations, including that agencies ensure that acquisition offices are involved in identifying IT and issue related guidance; and to ensure IT acquisitions are reviewed according to OMB guidance. OMB and 20 agencies generally agreed with or did not comment on the recommendations. One agency agreed with one recommendation, but disagreed with another. GAO believes this recommendation is warranted. One agency disagreed with two recommendations. GAO subsequently removed one of these, but believes the other recommendation is warranted, as discussed in the report.

View GAO-18-42. For more information, contact David A. Powner at (202) 512-9286 or pownerd@gao.gov.

What GAO Found
Most of the 22 selected agencies did not identify all of their information technology (IT) contracts. The selected agencies identified 78,249 IT-related contracts, to which they obligated $14.7 billion in fiscal year 2016. However, GAO identified 31,493 additional contracts with $4.5 billion obligated, raising the total amount obligated to IT contracts in fiscal year 2016 to at least $19.2 billion (see figure). The percentage of additional IT contract obligations GAO identified varied among the selected agencies. For example, the Department of State did not identify 1 percent of its IT contract obligations. Conversely, 8 agencies did not identify over 40 percent of their IT-related contract obligations.

Figure: Agency- and GAO-Identified Approximate Dollars Obligated to Fiscal Year 2016 Information Technology (IT) Contracts at the 22 Selected Agencies

<table>
<thead>
<tr>
<th>Identified obligations for IT contracts</th>
<th>$626 million (1,650 contracts)</th>
<th>$14.0 billion (76,599 contracts)</th>
<th>$4.5 billion (31,493 contracts)</th>
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<tbody>
<tr>
<td>Agency-identified obligations for IT contracts with non-IT codes</td>
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<td>GAO and agency-identified obligations for IT contracts with IT codes</td>
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<td>Additional GAO-identified obligations associated with IT codes</td>
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Note: Due to rounding, the totals may not equal the sum of component obligation amounts.

Many of the selected agencies that did not identify these IT acquisitions did not follow Office of Management and Budget’s (OMB) guidance. Specifically, 14 of the 22 agencies did not involve the acquisition office in their process to identify IT acquisitions for Chief Information Officer (CIO) review, as required by OMB. In addition, 7 agencies did not establish guidance to aid officials in recognizing IT. Until agencies involve the acquisitions office in their IT identification processes and establish supporting guidance, they cannot ensure that they will identify all IT acquisitions. Without proper identification of IT acquisitions, agencies and CIOs cannot effectively provide oversight of these acquisitions.

In addition to not identifying all IT contracts, 14 of the 22 selected agencies did not fully satisfy OMB’s requirement that the CIO review and approve IT acquisition plans or strategies. Further, only 11 of 96 randomly selected IT contracts at 10 agencies that GAO evaluated were CIO-reviewed and approved as required by OMB’s guidance. The 85 IT contracts not reviewed had a total possible value of approximately $23.8 billion. Until agencies ensure that CIOs review and approve IT acquisitions, CIOs will continue to have limited visibility and input into their agencies’ planned IT expenditures and will not be able to use the increased authority that FITARA’s contract approval provision is intended to provide. Further, agencies will likely miss an opportunity to strengthen CIOs’ authority and the oversight of IT acquisitions. As a result, agencies may award IT contracts that are duplicative, wasteful, or poorly conceived.