



January 2018

INFORMATION TECHNOLOGY

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

Accessible Version

GAO Highlights

Highlights of [GAO-18-42](#), a report to congressional committees

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.

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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



Source: GAO analysis of agency and USAspending.gov data. | GAO-18-42

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.

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Abbreviations

CAO	chief acquisition officer
CIO	chief information officer
Commerce	Department of Commerce
Education	Department of Education
Energy	Department of Energy
EPA	Environmental Protection Agency
FITARA	Federal Information Technology Acquisition Reform Act
GSA	General Services Administration
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
Interior	Department of the Interior
IT	information technology
Justice	Department of Justice
Labor	Department of Labor
NASA	National Aeronautics and Space Administration
NRC	Nuclear Regulatory Commission
NSF	National Science Foundation
OMB	Office of Management and Budget
OPM	Office of Personnel Management
SBA	Small Business Administration
SSA	Social Security Administration

State	Department of State
Transportation	Department of Transportation
Treasury	Department of the Treasury
USAID	U.S. Agency for International Development
USDA	Department of Agriculture
VA	Department of Veterans Affairs

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January 10, 2018

Congressional Committees

Information systems are critical to the health, economy, and security of the nation. To support these systems, the federal government invested more than \$90 billion in information technology (IT) in fiscal year 2016. However, prior IT expenditures have too often produced failed projects—that is, projects with multimillion dollar cost overruns and schedule delays measured in years, and with questionable mission-related achievements.

Recognizing the severity of issues related to the government-wide management of IT, in December 2014, Congress enacted IT acquisition reform legislation (commonly referred to as the Federal Information Technology Acquisition Reform Act, or FITARA) as part of the *Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015*.¹ FITARA holds promise for improving agencies' acquisitions of IT and enabling Congress to monitor agencies' progress, as well as for holding agencies accountable for reducing duplication and achieving cost savings. In addition, with the enactment of FITARA, the federal government has an opportunity to strengthen the authority of chief information officers (CIO) to provide needed direction and oversight of agencies' IT acquisitions, among other areas.

We recently testified that, while agencies have made progress in implementing the law, its further implementation is critical to improving IT management.² We have also noted that continued congressional oversight of agencies' implementation of FITARA is essential to help ensure that these efforts succeed.

Among other things, FITARA requires CIOs of major civilian agencies to review and approve IT contracts. With this in mind, you asked us to review whether CIOs are approving IT contracts as required by this law. Our objectives were to determine the extent to which (1) federal agencies

¹*Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015*, Pub. L. No. 113-291, division A, title VIII, subtitle D, 128 Stat. 3292, 3438-50 (Dec. 19, 2014).

²GAO, *Information Technology: Sustained Management Attention to the Implementation of FITARA Is Needed to Better Manage Acquisitions and Operations*, [GAO-17-686T](#) (Washington, D.C.: June 13, 2017).

identify IT contracts and how much is invested in them, and (2) federal agency CIOs are reviewing and approving IT acquisitions.³

Our review included the Office of Management and Budget (OMB) and 22 of the 24 agencies covered by the Chief Financial Officers Act.⁴ We did not include the Department of Defense because it is excluded from the provision in FITARA requiring CIO approval of IT contracts. We also did not include the Department of Homeland Security because we recently issued a report on the department's implementation of FITARA.⁵

To determine the extent to which federal agencies identify IT contracts and how much is invested in them, we requested that each of the 22 agencies provide us a list of their IT contract obligations for fiscal year 2016.⁶ Separately, we identified IT-related contracts from each of these agencies using fiscal year 2016 data reported on USAspending.gov.⁷ We

³The Federal Acquisition Regulation (FAR) defines "acquisition" as "the acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the federal government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. Acquisition begins at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract." FAR, 48 C.F.R. 2.101.

⁴The 22 agencies are the Departments of Agriculture, Commerce, Education, Energy, Health and Human Services, Housing and Urban Development, Justice, Labor, State, the Interior, the Treasury, Transportation, and Veterans Affairs; the Environmental Protection Agency; General Services Administration; National Aeronautics and Space Administration; National Science Foundation; Nuclear Regulatory Commission; Office of Personnel Management; Small Business Administration; Social Security Administration; and U.S. Agency for International Development.

⁵GAO, *Homeland Security: Progress Made to Implement IT Reform, but Additional Chief Information Officer Involvement Needed*, [GAO-17-284](#) (Washington, D.C.: May 18, 2017).

⁶An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received. Payment may be made immediately or in the future. An agency incurs an obligation, for example, when it places an order, signs a contract, awards a grant, purchases a service, or takes other action that requires the government to make payments to the public or from one government account to another.

⁷USAspending.gov is a publicly accessible website managed by OMB that contains contract data on federal awards and subawards. The contract data on USAspending.gov are imported from the Federal Procurement Data System-Next Generation, which collects information on contract actions. Federal agencies are responsible for ensuring that the information reported to the system is complete and accurate. The system can be accessed at <https://www.fpds.gov>.

then compared these resulting lists of IT-related contracts to the agency-provided lists of contracts to determine which contracts the agencies had not identified. We also reviewed other agency documentation, such as IT acquisition policies and processes, as well as acquisition plans and strategies. In addition, we interviewed the agencies' acquisition officials and officials from the Office of the CIO to determine their processes for identifying IT contracts.

To determine the extent to which federal agency CIOs are reviewing and approving IT acquisitions, we randomly selected 10 contracts at 10 agencies⁸ (100 total contracts) to review in depth. For each of the 100 selected contracts, we asked the associated agency to confirm that the contract was IT-related and requested evidence of the CIO's or CIO designee's review and approval.⁹ We compared the resulting documentation to FITARA and OMB guidance¹⁰ to determine whether the IT acquisitions had been appropriately reviewed and approved.

We also reviewed agency documentation on IT acquisition processes and procedures and compared it to the requirements in FITARA and OMB guidance. Further, we interviewed the agencies' officials, including officials in the Office of the CIO, to clarify their respective processes and policies.

We found the data from USAspending.gov and contract data provided by the agencies to be sufficiently reliable for the purposes of our reporting objectives and used the data as evidence to support our findings, conclusions, and recommendations. For the USAspending.gov data, we reviewed publicly available documentation related to the database, such as the USAspending.gov data dictionary. For both the USAspending.gov

⁸We selected the 10 agencies with the most funding obligated to IT in fiscal year 2016, excluding the Departments of Defense and Homeland Security. They are the Departments of Agriculture, Commerce, Health and Human Services, Justice, State, the Treasury, Transportation, and Veterans Affairs; the National Aeronautics and Space Administration; and the Social Security Administration.

⁹OMB's FITARA implementation guidance states that, to be included in its definition of IT for purposes of FITARA, IT must be used by an agency directly. Consequently, we decided that two of the selected contracts should not be included because they were for products or services that will be used by an entity other than the agency. Separately, we determined that two other contracts were not IT-related, and thus FITARA was not applicable.

¹⁰Office of Management and Budget, *Management and Oversight of Federal Information Technology*, M-15-14 (Washington, D.C.: June 10, 2015).

and agency-provided contract data, we tested the datasets to look for duplicate records and missing data in key fields. We also interviewed agency officials to corroborate the data. A full description of our objectives, scope, and methodology can be found in appendix I.

We conducted this performance audit from July 2016 to January 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

While IT investments have the potential to improve lives and organizations, federally funded IT projects can—and, too often, have—become risky, costly, and unproductive mistakes. We have previously reported that the federal government has spent billions of dollars on failed or troubled IT investments, such as

- the Office of Personnel Management’s (OPM) Retirement Systems Modernization program, which was canceled in February 2011, after spending approximately \$231 million on the agency’s third attempt to automate the processing of federal employee retirement claims;¹¹
- the United States Coast Guard’s effort, initiated in 2010, to replace its aging electronic health records system, but which was discontinued in October 2015 after spending nearly \$67 million. As a result, the Coast Guard currently has a manual, paper-based health records management process;
- the tri-agency¹² National Polar-orbiting Operational Environmental Satellite System, which was halted in February 2010 by the White

¹¹See, for example, GAO, *Office of Personnel Management: Retirement Modernization Planning and Management Shortcomings Need to Be Addressed*, [GAO-09-529](#) (Washington, D.C.: Apr. 21, 2009) and *Office of Personnel Management: Improvements Needed to Ensure Successful Retirement Systems Modernization*, [GAO-08-345](#) (Washington, D.C.: Jan. 31, 2008).

¹²The weather satellite program was managed by the National Oceanic and Atmospheric Administration, the Department of Defense, and the National Aeronautics and Space Administration.

House's Office of Science and Technology Policy after the program spent 16 years and almost \$5 billion;¹³

- the Department of Veterans Affairs' (VA) Scheduling Replacement Project, which was terminated in September 2009 after spending an estimated \$127 million over 9 years;¹⁴
- the Farm Service Agency's Modernize and Innovate the Delivery of Agricultural Systems program, which was halted in July 2014 after spending \$423 million to modernize IT systems over 10 years;¹⁵ and
- the Department of Health and Human Services' (HHS) Healthcare.gov website and its supporting systems, which were to facilitate the establishment of a health insurance marketplace by January 2014, but which encountered significant cost increases, schedule slips, and delayed functionality.¹⁶

These failed or troubled projects often suffered from a lack of disciplined and effective management, such as project planning, requirements definition, and program oversight and governance. In many instances, agencies had not consistently applied best practices that are critical to successfully acquiring IT investments.

¹³See, for example, GAO, *Polar Satellites: Agencies Need to Address Potential Gaps in Weather and Climate Data Coverage*, [GAO-11-945T](#) (Washington, D.C.: Sept. 23, 2011); *Polar-Orbiting Environmental Satellites: Agencies Must Act Quickly to Address Risks That Jeopardize the Continuity of Weather and Climate Data*, [GAO-10-558](#) (Washington, D.C.: May 27, 2010); *Polar-Orbiting Environmental Satellites: With Costs Increasing and Data Continuity at Risk, Improvements Needed in Tri-agency Decision Making*, [GAO-09-564](#) (Washington, D.C.: June 17, 2009); and *Environmental Satellites: Polar-orbiting Satellite Acquisition Faces Delays; Decisions Needed on Whether and How to Ensure Climate Data Continuity*, [GAO-08-518](#) (Washington, D.C.: May 16, 2008).

¹⁴GAO, *Information Technology: Management Improvements Are Essential to VA's Second Effort to Replace Its Outpatient Scheduling System*, [GAO-10-579](#) (Washington, D.C.: May 27, 2010).

¹⁵GAO, *Farm Program Modernization: Farm Service Agency Needs to Demonstrate the Capacity to Manage IT Initiatives*, [GAO-15-506](#) (Washington, D.C.: June 18, 2015).

¹⁶See GAO, *Healthcare.gov: CMS Has Taken Steps to Address Problems, but Needs to Further Implement Systems Development Best Practices*, [GAO-15-238](#) (Washington, D.C.: Mar. 4, 2015); *Healthcare.gov: Actions Needed to Address Weaknesses in Information Security and Privacy Controls*, [GAO-14-730](#) (Washington, D.C.: Sept. 16, 2014); and *Healthcare.gov: Ineffective Planning and Oversight Practices Underscore the Need for Improved Contract Management*, [GAO-14-694](#) (Washington, D.C.: July 30, 2014).

To help address these ongoing challenges, in February 2015, we added improving the management of IT acquisitions and operations to our list of high-risk areas for the federal government.¹⁷ This area highlighted several critical IT initiatives in need of additional congressional oversight, including (1) reviews of troubled projects; (2) efforts to increase the use of incremental development; (3) efforts to provide transparency relative to the cost, schedule, and risk levels for major IT investments;¹⁸ (4) reviews of agencies' operational investments; (5) data center consolidation; and (6) efforts to streamline agencies' portfolios of IT investments. We noted that implementation of these initiatives had been inconsistent and more work remained to demonstrate progress in achieving IT acquisitions and operations outcomes.

In our February 2015 high-risk report, we also identified actions that OMB and federal agencies needed to take to make progress in this area. These included implementing FITARA and at least 80 percent of our recommendations related to the management of IT acquisitions and operations within 4 years. Specifically, between fiscal years 2010 and 2015, we made 803 recommendations to OMB and federal agencies to address shortcomings in IT acquisitions and operations, including many to improve the implementation of the previously mentioned six critical IT initiatives and other government-wide, cross-cutting efforts.

In February 2017, we issued an update to our high-risk series and reported that, while progress had been made in improving the management of IT acquisitions and operations, significant work still remained to be completed.¹⁹ For example, as of May 2017, OMB and federal agencies had fully implemented 380 (or about 47 percent) of the 803 recommendations. Nevertheless, in fiscal year 2016, we made 202 new recommendations, thus further reinforcing the need for OMB and agencies to address the shortcomings in IT acquisitions and operations. Also, beyond addressing our prior recommendations, our 2017 high-risk

¹⁷GAO, *High-Risk Series: An Update*, [GAO-15-290](#) (Washington, D.C.: Feb. 11, 2015).

¹⁸According to OMB, a major IT investment is a system or an acquisition requiring special management attention because of its importance to the mission or function of the government; significant program or policy implications; high executive visibility; high development, operating, or maintenance costs; unusual funding mechanism; or is defined as major by the agency's capital planning and investment control process.

¹⁹GAO, *High-Risk Series: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others*, [GAO-17-317](#) (Washington, D.C.: Feb. 15, 2017).

update noted the importance of OMB and federal agencies continuing to expeditiously implement the requirements of FITARA.

Agencies Are to Follow Federal Requirements for Acquisitions

The Federal Acquisition Regulation (FAR) is the primary regulation for use by federal executive agencies in their acquisition of supplies and services with appropriated funds. The FAR requires agencies to perform planning for all acquisitions. Acquisition planning begins when an agency need is identified and includes developing requirements and creating written acquisition plans. A detailed acquisition plan must address all of the technical, business, management, and other significant considerations that will control the acquisition. It should include, among other things, a statement of need, cost, a plan of action, and milestones. The FAR is less specific on the requirements for an acquisition strategy, but it states that acquisition planning should include developing the overall strategy for managing the acquisition.

Once a contract is awarded, the awarding agency must enter certain information into the Federal Procurement Data System-Next Generation, the federal government's database that captures information on contract awards and obligations and is the primary database that serves as the source of other contracting data systems, such as USAspending.gov.²⁰ The system captures information on contract awards and obligations, including, the vendor, and amount obligated. Further, agencies must select a product and service code that represents the predominant product or service being purchased. Product and service codes are used to describe and identify products, services, and research and development spending within the system.

In an effort to eliminate redundancies and increase efficiencies in federal acquisition, in September 2015, the Category Management Leadership

²⁰The General Services Administration maintains the Federal Procurement Data System-Next Generation.

Council²¹ and OMB developed a government-wide category structure to support category management²² implementation across the federal government. The Council and OMB reviewed the product and service codes and grouped them into 19 individual spend categories, including IT. See appendix II for a list of the 79 IT-related product and service codes.

Federal Law Establishes Agency IT Management Responsibilities

Over the last three decades, Congress has enacted several laws to help federal agencies improve the management of IT investments. For example, the Clinger-Cohen Act of 1996 requires agency heads to appoint CIOs and specifies many of their responsibilities with regard to IT management.²³ Among other things, CIOs are responsible for implementing and enforcing applicable government-wide and agency IT management principles, standards, and guidelines; assuming responsibility and accountability for IT investments; and monitoring the performance of IT programs and advising the agency head whether to continue, modify, or terminate such programs.²⁴ The Clinger-Cohen Act, as amended, also defines IT as: any equipment or interconnected system or subsystem of equipment, used in the automatic acquisition, storage, analysis, evaluation, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the agency or a contractor under a contract with the agency.²⁵

²¹The Category Management Leadership Council was originally known as the Strategic Sourcing Leadership Council and was formed in December 2012. In December 2014, its charter broadened from just strategic sourcing to category management. The Council is chaired by the Administrator of Federal Procurement Policy and includes representatives from the agencies that comprise the majority of federal procurement spending: the Department of Defense, Energy, Health and Human Services, Homeland Security, Veterans Affairs; the General Services Administration; the National Aeronautics and Space Administration; and the Small Business Administration. The Council seeks to reduce the number of contracts, increase savings, and increase the use of category management.

²²Category management is an approach based on industry leading practices that aims to streamline and manage entire categories of spending more like a single enterprise.

²³40 U.S.C. § 11101, et. seq.

²⁴40 U.S.C. § 11315.

²⁵40 U.S.C. § 11101(6)(A).

As previously mentioned, recognizing the severity of issues related to the government-wide management of IT, Congress enacted FITARA in December 2014. The law includes provisions related to seven areas at covered agencies:²⁶

- **Agency CIO authority enhancements.** CIOs at agencies are required to (1) approve the IT budget requests of their respective agencies, (2) certify that OMB's incremental development guidance is being adequately implemented for IT investments, (3) approve the appointment of other agency employees with the title of CIO, and (4) review and approve contracts for IT. With regard to the review of IT contracts, FITARA requires that agency CIOs review and approve IT contracts prior to award, unless that contract is associated with a non-major investment.²⁷ When the contract is associated with a non-major investment, the CIO are allowed to delegate the review and approval duties to an official that reports directly to the CIO. Alternatively, the law states that an agency may use its governance processes to approve any IT contract, as long as the agency CIO is a full participant in the governance processes.
- **Federal data center consolidation initiative.** Agencies are required to provide OMB with a data center inventory, a strategy for consolidating and optimizing the data centers (to include planned cost savings), and quarterly updates on progress made. The law also requires OMB to develop a goal for how much is to be saved through this initiative, and provide annual reports on cost savings achieved.
- **Enhanced transparency and improved risk management.** OMB and agencies are to make detailed information on federal IT investments publicly available, and agency CIOs are to categorize their investments by level of risk. In addition, in the case of major IT investments rated as high risk for 4 consecutive quarters, the law requires that the agency CIO and the investment's program manager conduct a review aimed at identifying and addressing the causes of the risk.
- **Portfolio review.** Agencies are to annually review IT investment portfolios in order to, among other things, increase efficiency and

²⁶For the most part, the provisions apply to the agencies covered by the Chief Financial Officers Act of 1990, 31 U.S.C. § 901(b), except for limited application to the Department of Defense.

²⁷According to OMB, non-major investments are those that do not meet the criteria of major IT investments.

effectiveness and identify potential waste and duplication. In establishing the process associated with such portfolio reviews, the law requires OMB to develop standardized performance metrics, to include cost savings, and to submit quarterly reports to Congress on cost savings.

- **Expansion of training and use of IT acquisition cadres.** Agencies are to update their acquisition human capital plans to address supporting the timely and effective acquisition of IT. In doing so, the law calls for agencies to consider, among other things, establishing IT acquisition cadres or developing agreements with other agencies that have such cadres.
- **Government-wide software purchasing program.** The General Services Administration (GSA) is to develop a strategic sourcing initiative to enhance government-wide acquisition and management of software. In doing so, the law requires that, to the maximum extent practicable, GSA should allow for the purchase of a software license agreement that is available for use by all executive branch agencies as a single user.
- **Maximizing the benefit of the federal strategic sourcing initiative.** FITARA requires that OMB issue regulations for federal agencies that do not use the federal strategic sourcing initiative to purchase services and supplies that are offered by this initiative. The regulations are to include a requirement for agencies to analyze the comparative value between what is to be purchased and what the strategic sourcing initiative offers.

OMB Established Guidance for Agencies to Implement FITARA

In June 2015, OMB released guidance describing how agencies are to implement FITARA.²⁸ The guidance emphasizes the need for CIOs to have full accountability for IT acquisition and management decisions, and gives agencies considerable flexibility in making those decisions. Among other things, the guidance is intended to:

- assist agencies in aligning their IT resources with agency missions, goals, and requirements;

²⁸M-15-14.

-
- establish government-wide IT management controls that will meet the law's requirements, while providing agencies with flexibility to adapt to agency processes and mission requirements;
 - clarify the CIO's role and strengthen the relationship between department CIOs and bureau or component CIOs; and
 - strengthen CIO accountability for IT cost, schedule, performance, and security.

With regard to CIOs' review and approval of IT contracts, OMB's guidance expands upon FITARA in a number of ways. Specifically, according to the guidance:

- CIOs may review and approve IT acquisition strategies and plans, rather than individual IT contracts;²⁹
- CIOs can designate other agency officials to act as their representatives, but the CIOs must retain accountability;³⁰
- Chief Acquisition Officers (CAO) are responsible for ensuring that all IT contract actions are consistent with CIO-approved acquisition strategies and plans; and
- CAOs are to indicate to the CIOs when planned acquisition strategies and acquisition plans include IT.³¹

²⁹OMB's guidance states that CIOs should only review and approve individual IT contract actions if they are not part of an approved acquisition strategy or plan.

³⁰OMB has interpreted FITARA's "governance process" provision to permit such delegation. That provision allows covered agencies to use the governance processes of the agency to approve a contract or other agreement for IT if the CIO of the agency is included as a full participant in the governance process.

³¹OMB's FITARA guidance also states that, if the agency has a senior procurement executive separate from the CAO, then the guidance also applies to the senior procurement executive. Of the 22 selected agencies, 7 are not required to have a CAO, by statute: the Department of Justice, National Science Foundation, Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, Social Security Administration, and U.S. Agency for International Development. This report refers to all relevant officers as CAOs when discussing them collectively.

Agencies Identified \$14.7 Billion in IT Obligations, but Did Not Identify an Additional \$4.5 Billion

OMB's FITARA implementation guidance³² requires agencies' CAOs to indicate to CIOs when planned acquisition strategies and acquisition plans include IT. Given the Category Management Leadership Council and OMB's categorization of IT product and service codes, CAOs should be identifying the obligations that have IT-related codes.

The 22 selected agencies identified 78,249 IT-related contracts, to which they obligated approximately \$14.7 billion in fiscal year 2016.³³ Of that amount, approximately \$14 billion was categorized as IT-related, consistent with the Category Management Leadership Council and OMB's product and service codes, and approximately \$626 million was categorized under other, non-IT codes.

The \$626 million in obligations with non-IT codes could contain embedded IT or be associated with IT programs. For example, the agencies reported IT-related acquisitions categorized under such non-IT codes as IT/telecommunications training, data analysis, and research and development. Three agencies accounted for most of these non-IT obligations: the Department of Veterans Affairs (VA) accounted for \$220 million, the Environmental Protection Agency (EPA) accounted for \$156 million, and the Department of Labor (Labor) accounted for \$105 million.

However, in addition to the obligations that agencies reported to us, we identified 31,493 additional contracts at 21 agencies with IT-related

³²M-15-14.

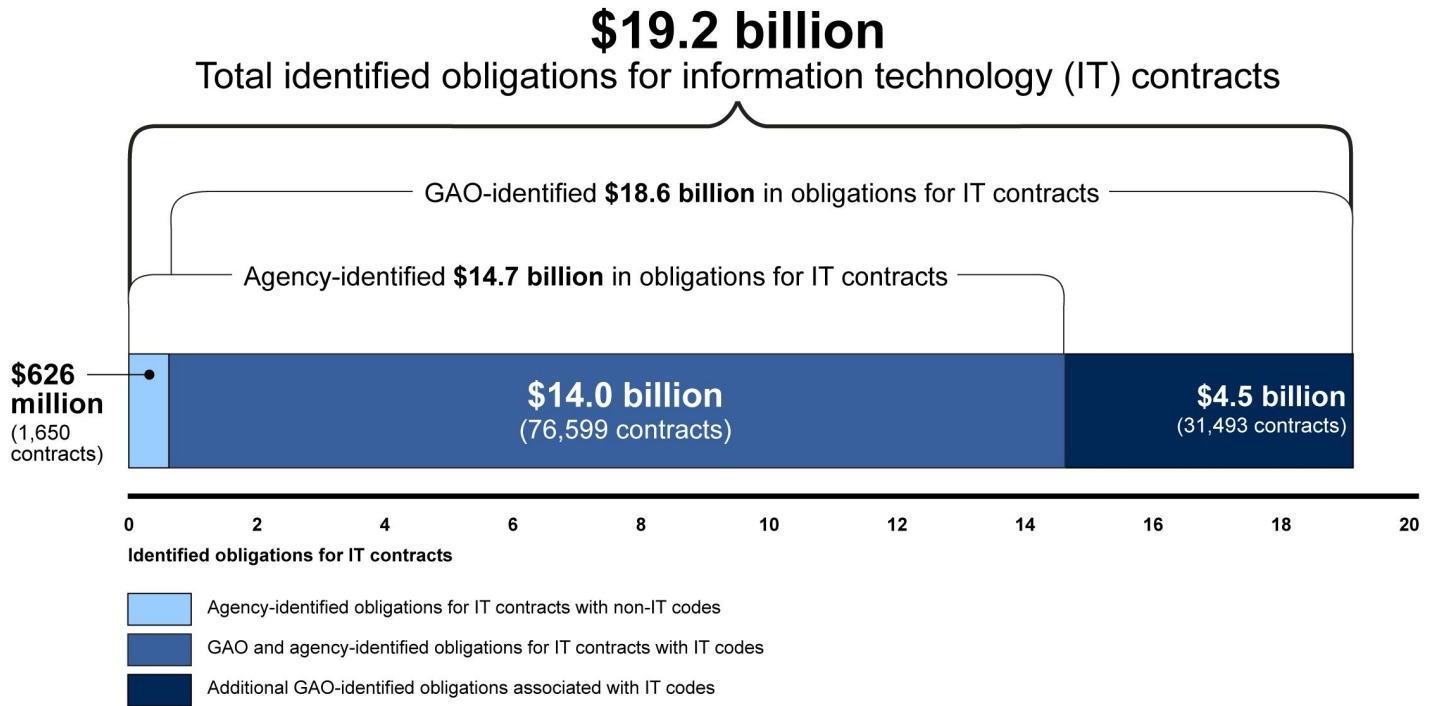
³³One agency stated that it did not include IT contracts under \$150,000 (the simplified acquisition threshold), and two agencies stated that they did not include contract modifications. As a result, their total dollar amount was less than it would have been had those categories been included.

product and service codes.³⁴ The associated agencies obligated approximately \$4.5 billion to these contracts, raising the total amount obligated to IT contracts in fiscal year 2016 to at least approximately \$19.2 billion.³⁵ Figure 1 reflects the obligations agencies reported to us relative to the obligations we identified.

³⁴Two agencies disagreed with the Category Management Leadership Council's list of IT-related product and service codes, such as the code for "Maintenance, Repair, and Rebuilding of Equipment-Miscellaneous." These agencies noted that several contracts under that code were for services that they did not consider being IT-related, including repairs to elevators and air traffic control towers (see discussion after figure 2). In addition, several agencies stated that a portion of these IT contracts were awarded on behalf of another entity. OMB's FITARA implementation guidance states that to be included in its definition of IT for purposes of FITARA, IT must be used by an agency directly.

³⁵In comparing the IT contracts the agencies provided to us and those that we identified, we gave the agency credit for identifying the entire IT contract if an agency identified any portion of the contract (e.g., a contract modification). Consequently, the total of obligations that agencies did not identify is likely higher than the totals we were able to report.

Figure 1: Agency- and GAO-Identified Approximate Dollars Obligated to Fiscal Year 2016 IT Contracts at the 22 Selected Agencies

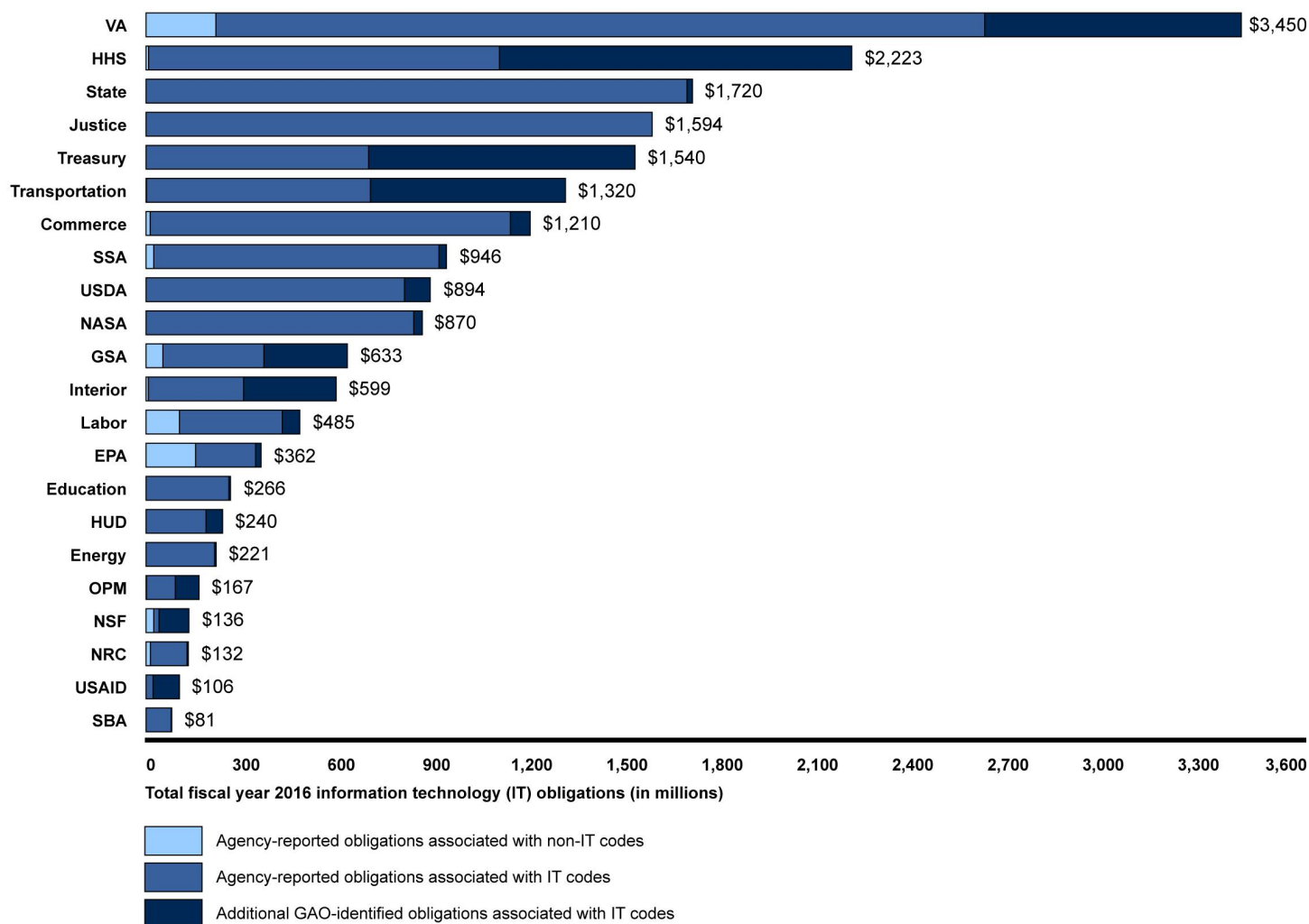


Source: GAO analysis of agency and USAspending.gov data. | GAO-18-42

Note: Due to rounding, the totals may not equal the sum of component obligation amounts

The percentage of additional IT contract obligations that we identified varied among the selected agencies. For instance, the Department of State (State) did not identify 1 percent of its IT contract obligations. Conversely, eight agencies—the Departments of the Interior (Interior), Transportation (Transportation), and the Treasury (Treasury), as well as the National Science Foundation (NSF), the U.S. Agency for International Development (USAID), HHS, GSA, and OPM did not identify over 40 percent of their IT contract obligations. Figure 2 reflects the contract obligations that the selected agencies reported to us (both with IT-related codes and those with non-IT codes) relative to the obligations we identified. For additional information about the IT obligations identified by these agencies, see appendix III.

Figure 2: Agency- and GAO-Identified Dollars Obligated to Fiscal Year 2016 IT Contracts by Selected Agencies in Approximate Dollars (\$M)



VA (Department of Veterans Affairs), HHS (Department of Health and Human Services), State (Department of State), Justice (Department of Justice), Treasury (Department of the Treasury), Transportation (Department of Transportation), Commerce (Department of Commerce), SSA (Social Security Administration), USDA (Department of Agriculture), NASA (National Aeronautics and Space Administration), GSA (General Services Administration), Interior (Department of the Interior), Labor (Department of Labor), EPA (Environmental Protection Agency), Education (Department of Education), HUD (Department of Housing and Urban Development), Energy (Department of Energy), OPM (Office of Personnel Management), NSF (National Science Foundation), NRC (Nuclear Regulatory Commission), USAID (U.S. Agency for International Development), SBA (Small Business Administration)

Source: GAO analysis of agency and USAspending.gov data. | GAO-18-42

Agencies offered various reasons for why they had not identified the approximately \$4.5 billion in IT obligations. For example, officials from OPM and NSF stated that their agencies only identified new IT contracts

and did not include contract modifications in their identified IT obligations, making their submissions much smaller.³⁶ NSF also noted that it only identified IT contracts over \$150,000. In addition, GSA and Transportation officials stated that at least one of the Category Management Leadership Council's IT product and service codes should not be considered IT. For instance, an official in GSA's Vendor Management Office stated that contracts using a product and service code for miscellaneous maintenance, repair, and rebuilding should not be categorized as IT. Likewise, Transportation officials provided examples of contracts that the agency did not consider being IT-related, even though they were categorized under IT product and service codes for program review or development services. In addition, Transportation and USAID officials stated that they did not use the complete list of IT product and service codes in their identification efforts. A Treasury official in the Office of the CIO stated that the department focused on codes that were the most important.

We agree that the Council's IT product and service codes could include contracts that are not IT. Further, as previously discussed, IT is included in product and service codes that the Council did not identify as IT. Nonetheless, the Council has provided a valuable service in developing specific categories from which agencies can select in identifying IT. To the extent that agencies have concerns about specific categories, they could raise them to the Council.

In addition, the majority of the selected agencies that did not identify the \$4.5 billion in IT obligations also did not follow OMB's guidance to have the CAO identify all IT acquisitions for CIO review and approval. As those tasked with monitoring their respective agencies' acquisition activities, the offices of the CAOs are in a unique position to identify prospective IT acquisitions to the CIOs. Of the 21 selected agencies that did not identify the approximately \$4.5 billion in IT obligations, 8 involved the acquisition offices in the identification of their IT acquisitions.³⁷ For example, OPM's

³⁶Contract modifications are any written changes in the terms of a contract.

³⁷Justice was the only agency for which we did not identify additional IT obligations.

process followed OMB's guidance by directly involving its senior procurement executive in the identification of the acquisitions.³⁸

Conversely, the other 14 agencies did not follow OMB's guidance to have a process in which the acquisition offices identified, or helped to identify, IT acquisitions for CIO review. Among these agencies, for example, EPA officials indicated that program office officials are responsible for identifying IT requirements and obtaining the appropriate approvals. EPA's process does not require acquisition office participation. Instead, the program office officials work with IT officials to determine if the contract is IT-related and subject to the IT acquisition approval policy.

In addition, 7 agencies reported that they rely on the requesting program offices to self-identify whether their acquisitions are IT-related. Table 1 summarizes the officials responsible for the identification of IT acquisitions at the selected agencies.

Table 1: Responsibility for Identifying Information Technology (IT) Acquisitions at the 22 Selected Agencies

Agency	Acquisition office	Other than acquisition office
Department of Agriculture	No	YES
Department of Commerce	No	YES
Department of Education	No	YES
Department of Energy ^a	YES	YES
Department of Health and Human Services	YES	No
Department of Housing and Urban Development	No	YES
Department of Justice	YES	YES
Department of Labor	YES	YES
Department of State	No	YES
Department of the Interior	No	YES
Department of the Treasury	YES	YES
Department of Transportation	No	YES
Department of Veterans Affairs	No	YES
Environmental Protection Agency	No	YES

³⁸As previously stated, OMB's FITARA guidance states that, if the agency has a senior procurement executive separate from the CAO, then the guidance also applies to the senior procurement executive. This is the case at OPM.

Agency	Acquisition office	Other than acquisition office
General Services Administration	YES	No
National Aeronautics and Space Administration	No	YES
National Science Foundation	YES	YES
Nuclear Regulatory Commission	No	YES
Office of Personnel Management	YES	YES
Small Business Administration	No	YES
Social Security Administration	YES	YES
U.S. Agency for International Development	YES	YES
Totals	8	20

Source: GAO analysis of agency-provided data and interviews. | GAO-18-42

^aThe Departments of Energy and the Treasury allowed their component agencies to develop their own processes for identifying IT acquisitions. The above assessments are based on the agencies' department-level acquisition processes.

We have previously reported on the importance of developing and issuing policies or supporting guidance in order to successfully implement processes and achieve related objectives.³⁹ In recognition of the importance of establishing guidance to assist agency officials in identifying IT, 14 of the 22 selected agencies issued such guidance.

However, 7 agencies did not. Specifically, the Departments of Agriculture (USDA), Energy (Energy), Justice (Justice), Labor, and Transportation; the National Aeronautics and Space Administration (NASA); and the Social Security Administration (SSA) did not establish guidance regarding the identification of IT-related acquisitions. For instance, officials in Justice's Office of the CIO stated that the agency does not follow a prescribed process to determine which acquisitions are IT-related and does not use guidance or checklists to aid with the identification. One other agency, Interior, had established draft guidance to assist officials when identifying IT; however, the agency did not identify a schedule for finalizing the draft guidance.

Until agencies involve the acquisition office in their IT identification processes, and establish and effectively implement supporting guidance, they will likely not be able to ensure that all IT acquisitions are identified. As a result, agencies risk not having appropriate oversight of IT worth billions of dollars.

³⁹GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

Most Agency CIOs Are Not Reviewing and Approving IT Acquisitions in Accordance with OMB's Requirements

FITARA and OMB's associated implementation guidance require major civilian agency CIOs to review and approve acquisitions of IT either directly, or through the agency's governance processes. In particular, OMB's guidance⁴⁰ states that agencies shall not approve any acquisition plan or strategy that includes IT without the agency CIO's review and approval.

OMB's guidance also allows the CIO to delegate these responsibilities to other agency officials to act as the CIO's representative;⁴¹ however, staff in OMB's Office of the Federal CIO noted that these assignments need to be approved by OMB.⁴² Alternatively, FITARA and OMB's guidance allow agencies to use IT governance processes to conduct these reviews and approvals as long as the CIO is a full participant in the process.

Most of the processes at the 22 selected agencies do not fully satisfy OMB's requirements that the CIO review and approve IT acquisition plans or strategies (or that the CIO participate in a governance process that reviews and approves IT acquisition plans and strategies).⁴³ Specifically, 8 agencies' processes fully satisfy OMB's requirements, while 14 of the agencies' processes do not fully satisfy the requirements. Of these, 8 agencies partially satisfy the requirements and 6 do not satisfy the requirements. For example,

- NSF fully satisfies OMB's requirement by requiring that the CIO review and approve each IT acquisition plan. Similarly, SBA requires

⁴⁰M-15-14.

⁴¹FITARA allows the CIO of a covered agency to delegate the review and approval of contracts associated with non-major IT investments, but the delegated official must report directly to the agency CIO.

⁴²According to OMB, they have approved assignment plans from 15 of the 22 selected agencies—USDA, Commerce, Education, HHS, Interior, Justice, Labor, State, Treasury, VA, EPA, GSA, NSF, OPM, and SSA.

⁴³None of the selected agencies' CIOs review and approve individual IT contracts as specified in FITARA.

the CIO to review and approve each IT acquisition plan over the FAR's simplified acquisition threshold.⁴⁴

- HUD partially satisfies OMB's requirements in that its process only requires the office of the CIO to review a subset of IT acquisitions (those over \$500,000). In addition, the HUD CIO has delegated the approval authority to the Deputy CIO and others within the Office of the CIO, but this delegation has not been approved by OMB.
- VA does not yet have a process in place that satisfies OMB's requirements, but officials in VA's Office of Information and Technology stated that they are currently developing processes and procedures necessary to implement FITARA accountability and responsibilities for IT acquisitions. While the agency did not submit a documented time frame for its plans, VA officials stated that they would like to implement the new process by the second quarter of fiscal year 2018.

Table 2 summarizes the extent to which the selected agencies' processes satisfy OMB's requirements for the CIO to review and approve IT acquisition plans. Appendix IV provides additional details about the agencies' processes that are used to review and approve IT acquisitions.

Table 2: Degree to Which Selected Agencies' Processes Satisfy the Office of Management and Budget's (OMB) Requirements for Chief Information Officer Review and Approval of Information Technology Acquisitions Plans

Agency	Process satisfies OMB's requirements
Department of Agriculture	Partially
Department of Commerce	Fully
Department of Education	Partially
Department of Energy	Fails
Department of Health and Human Services	Fully
Department of Housing and Urban Development	Partially
Department of Justice	Partially
Department of Labor	Partially
Department of State	Fails
Department of the Interior	Partially

⁴⁴The FAR allows agencies to use simplified procedures for acquisitions under \$150,000, with a higher threshold available for certain situations not applicable here.

Agency	Process satisfies OMB's requirements
Department of the Treasury	Fails
Department of Transportation	Partially
Department of Veterans Affairs	Fails
Environmental Protection Agency	Fully
General Services Administration	Fully
National Aeronautics and Space Administration	Fails
National Science Foundation	Fully
Nuclear Regulatory Commission	Fully
Office of Personnel Management	Partially
Small Business Administration	Fully
Social Security Administration	Fully
U.S. Agency for International Development	Fails

Legend:

● = Fully satisfies OMB's requirements.

◐ = Satisfies certain elements of OMB's requirements, but not all.

Fails = Does not satisfy OMB's requirements.

Source: GAO analysis of agency documentation. | GAO-18-42

Of 96 randomly selected IT contracts at 10 agencies, only 11 acquisitions associated with these contracts had been reviewed and approved as required by OMB. The acquisitions associated with 85 contracts, with a total possible value of approximately \$23.8 billion,⁴⁵ did not receive the appropriate level of review. Further, despite having CIO review and approval processes in place that fully or partially satisfied OMB's requirements, four agencies (the Department of Commerce (Commerce), HHS, Justice, and SSA) did not consistently ensure that the CIO or a designee reviewed and approved the acquisition plan or strategy.

Table 3 summarizes the number and total possible value of IT contracts that we reviewed for consistency with OMB's requirements. Appendix V provides more details on the selected IT acquisitions and the CIO approval of them.

⁴⁵The total possible value is the base contract amount and any options for additional supplies or services that could extend the term of the contract.

Table 3: Number and Total Possible Value of Selected Information Technology Acquisitions Approved by Agency Chief Information Officers Consistent with the Office of Management and Budget's (OMB) Requirements

Agency	Acquisitions reviewed and approved in accord with OMB's requirements (associated contract value in millions)	Acquisitions not correctly reviewed and approved (associated contract value in millions)
Department of Agriculture	--	10 (\$30.3)
Department of Commerce	--	10 (\$487.6)
Department of Health and Human Services	1 (\$0.2)	8 (\$48.6)
Department of Justice	3 (\$3.4)	7 (\$26.8)
Department of State	--	8 (\$4.3)
Department of the Treasury	--	10 (\$163.8)
Department of Transportation	--	10 (\$28.0)
Department of Veterans Affairs	--	10 (\$22,367.0)
National Aeronautics and Space Administration	--	9 (\$552.6)
Social Security Administration	7 (\$22.8)	3 (\$50.4)
Totals	11 (\$26.4)	85 (\$23,759.4)

Source: GAO analysis of OMB guidance, USAspending.gov data, agency documentation, and interviews. | GAO-18-42

Four key factors contributed to the acquisitions associated with the 85 contracts not being reviewed and approved by the CIOs in accordance with OMB's requirements:

- **Non-compliant processes.** As previously mentioned, agencies' processes at 7 of the 10 agencies did not fully satisfy OMB's requirements that the CIO review and approve IT acquisition plans and strategies. Four agencies reported that they were following their own agency processes which we determined do not fully align with requirements. For example, NASA officials responsible for information regarding one of the selected contracts stated that the CIO only provides technical guidance and concurrence on the acquisition plan and does not approve the acquisition plan. This is not consistent with OMB's requirement that the CIO or designee review and approve IT acquisition plans.

In addition, for 16 contracts, the respective agencies stated that there were no acquisition plans associated with the particular acquisitions. For example, a director in USDA's Forest Service's acquisition office issued waivers for 2 acquisitions, making them exempt from needing acquisition plans. Thus, the CIO did not review and approve acquisition plans for those contracts. As noted earlier, OMB's guidance states that if there is not an acquisition plan or strategy, the contract action itself should be reviewed and approved. However, in

all 16 cases, the associated agencies' CIOs did not undertake such reviews.

- **Improper delegation.** We identified 16 instances where agencies allowed CIOs to delegate their review to levels lower than agency policy or OMB allows. For example, Treasury's CIO delegated contract approval to the component CIOs—one of whom further delegated this approval based on monetary thresholds to a variety of other officials. According to the component's policy, one of the selected acquisitions, worth over \$22 million, should have been approved by the component's Deputy CIOs, Associate CIOs, or Deputy Associate CIOs. However, this particular acquisition was approved by an IT Project Manager. Further, two agencies allowed their CIOs to delegate IT acquisition approvals to other officials, without having these assignments approved by OMB. For example, three of NASA's selected acquisitions were reviewed and approved by the component CIOs; however, NASA had not had these assignments approved by OMB.
- **Approval of other documentation.** In 26 instances, CIOs or designees reviewed and approved acquisition documentation other than the required acquisition plan or strategy. For example, CIOs or designees reviewed and approved documents such as a requisition, a procurement request, or a business case analysis. While the CIOs or designees reviewed and approved some form of acquisition documentation prior to the award of these acquisitions, these forms of documentation did not have all the elements typically associated with an acquisition plan. As a result, the CIO (or designee) may not have been adequately equipped to make an informed decision about the acquisition.
- **Undocumented approvals.** We identified 2 instances where the agency reported that the CIO or designee approved the IT acquisition, but did not document the approval. For example, regarding one contract, Commerce officials stated that one of the agency's selected acquisitions was reviewed and approved by its component CIO for the Bureau of Economic Analysis. However, the agency could not provide evidence to show the CIO's approval beyond an e-mail after the contract was signed stating that the CIO was aware of and had approved that particular acquisition.

Until agencies fully satisfy FITARA and OMB's requirements by ensuring that CIOs, or their appropriate designees, review and approve IT acquisitions, CIOs risk continuing to have limited visibility and input into their agencies' planned IT expenditures and not being able to use the

increased authority that FITARA's contract approval provision is intended to provide. In addition, agencies are missing an opportunity to strengthen CIOs' authority and to provide needed direction and oversight of their IT acquisitions. As a result, agencies may award IT contracts that are duplicative, wasteful, or poorly conceived.

Conclusions

Given the history of failures and amount of money at stake, it is imperative that agencies properly oversee IT acquisitions. While the 22 selected agencies reported \$14.7 billion in IT obligations, 21 agencies did not identify \$4.5 billion as IT. Further, because the selected agencies did not always identify their IT acquisitions, it is likely that agencies have additional unidentified IT spending. Among other reasons, this shortfall existed because many agencies did not ensure that their acquisition offices were involved in the identification process, or provide clear guidance for ensuring that IT was properly identified. Without proper identification of IT acquisitions, agencies and CIOs cannot effectively provide oversight of them.

In addition, many of the selected agencies covered by FITARA did not ensure the appropriate CIO review and approval of IT acquisitions that were identified. The CIOs' review and approval presents an opportunity for CIOs to increase visibility into agency IT and recognize opportunities for improvement. However, the review and approval processes at 14 of the selected agencies were not in full compliance with OMB requirements, and only 11 of 96 randomly selected IT acquisitions were appropriately reviewed and approved by the CIO. As a result, agencies awarded IT contracts with a total possible value of \$23.8 billion without the required CIO review and approval. Consequently, CIOs had limited visibility and insight into their agencies' IT, thereby increasing the risk of entering into contracts that were duplicative, wasteful, or poorly conceived.

Recommendations for Executive Action

We are making a total of 39 recommendations to federal agencies.

We are making the following 3 recommendations to USDA:

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- The Secretary of Agriculture should ensure that the office of the CAO is involved in the process to identify IT acquisitions. (Recommendation 1)
 - The Secretary of Agriculture should direct the CAO and CIO to issue specific guidance to ensure IT-related acquisitions are properly identified. (Recommendation 2)
 - The Secretary of Agriculture should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 3)

We are making the following 2 recommendations to Commerce:

- The Secretary of Commerce should ensure that the office of the CAO is involved in the process to identify IT acquisitions. (Recommendation 4)
- The Secretary of Commerce should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 5)

We are making the following 2 recommendations to Education:

- The Secretary of Education should ensure that the office of the CAO is involved in the process to identify IT acquisitions. (Recommendation 6)
- The Secretary of Education should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 7)

We are making the following 2 recommendations to Energy:

- The Secretary of Energy should direct the CAO and CIO to issue specific guidance to ensure IT-related acquisitions are properly identified. (Recommendation 8)
- The Secretary of Energy should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 9)

We are making the following recommendation to HHS:

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- The Secretary of HHS should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 10)

We are making the following 2 recommendations to the Department of Housing and Urban Development:

- The Secretary of Housing and Urban Development should ensure that the office of the CAO is involved in the process to identify IT acquisitions. (Recommendation 11)
- The Secretary of Housing and Urban Development should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 12)

We are making the following 3 recommendations to Interior:

- The Secretary of the Interior should ensure that the office of the CAO is involved in the process to identify IT acquisitions. (Recommendation 13)
- The Secretary of Interior should direct the CAO and CIO to finalize and issue guidance on identifying IT acquisitions in order to ensure the CIO review and approval of those acquisitions. (Recommendation 14)
- The Secretary of the Interior should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 15)

We are making the following 2 recommendations to Justice:

- The Attorney General should direct the senior procurement executive and CIO to issue specific guidance to ensure IT-related acquisitions are properly identified. (Recommendation 16)
- The Attorney General should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 17)

We are making the following 3 recommendations to Labor:

- The Secretary of Labor should ensure that the office of the CAO is involved in the process to identify IT acquisitions. (Recommendation 18)

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- The Secretary of Labor should direct the CAO and CIO to issue specific guidance to ensure IT-related acquisitions are properly identified. (Recommendation 19)
 - The Secretary of Labor should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 20)

We are making the following 2 recommendations to State:

- The Secretary of State should ensure that the office of the CAO is involved in the process to identify IT acquisitions. (Recommendation 21)
- The Secretary of State should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 22)

We are making the following recommendation to Treasury:

- The Secretary of the Treasury should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 23)

We are making the following 3 recommendations to Transportation:

- The Secretary of Transportation should ensure that the office of the CAO is involved in the process to identify IT acquisitions. (Recommendation 24)
- The Secretary of Transportation should direct the CAO and CIO to issue specific guidance to ensure IT-related acquisitions are properly identified. (Recommendation 25)
- The Secretary of Transportation should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 26)

We are making the following 2 recommendations to VA:

- The Secretary of VA should ensure that the office of the CAO is involved in the process to identify IT acquisitions. (Recommendation 27)
- The Secretary of VA should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 28)

We are making the following recommendation to EPA:

- The Administrator of EPA should ensure that the office of the CAO is involved in the process to identify IT acquisitions. (Recommendation 29)

We are making the following 3 recommendations to NASA:

- The Administrator of NASA should ensure that the office of the CAO is involved in the process to identify IT acquisitions. (Recommendation 30)
- The Administrator of NASA should direct the CAO and CIO to issue specific guidance to ensure IT-related acquisitions are properly identified. (Recommendation 31)
- The Administrator of NASA should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 32)

We are making the following recommendation to NRC:

- The Chairman of NRC should ensure that the office of the senior procurement executive is involved in the process to identify IT acquisitions. (Recommendation 33)

We are making the following recommendation to OPM:

- The Director of OPM should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 34)

We are making the following recommendation to SBA:

- The Administrator of SBA should ensure that the office of the senior procurement executive is involved in the process to identify IT acquisitions. (Recommendation 35)

We are making the following 3 recommendations to SSA:

- The Commissioner of SSA should ensure that the office of the senior procurement executive is involved in the process to identify IT acquisitions. (Recommendation 36)

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- The Commissioner of SSA should direct the senior procurement executive and CIO to issue specific guidance to ensure IT-related acquisitions are properly identified. (Recommendation 37)
 - The Commissioner of SSA should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 38)

We are making the following recommendation to USAID:

- The Administrator of USAID should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 39)

Agency Comments and Our Evaluation

We provided a draft of this report to OMB and the other 22 agencies included in our review. Among the comments received, 16 agencies (Energy, GSA, HHS, HUD, Interior, Justice, Labor, NASA, OPM, SBA, SSA, State, Transportation, USAID, USDA, and VA) agreed with our recommendations; 2 agencies (EPA and OMB) did not agree or disagree with our recommendations; 1 agency (Education) partially agreed with our recommendations; 1 agency (NRC) disagreed with our recommendations; and 2 agencies (Treasury and NSF) had no comments on the recommendations. One other agency (Commerce) did not provide comments on the report.

The agencies' comments that we received, and our evaluations of them, are summarized as follows:

- In comments provided via e-mail on December 8, 2017, an OMB GAO liaison did not agree or disagree with our findings. The official stated that improved coordination and collaboration between CIOs, CAOs, and senior procurement executives is critical, but represents a significant cultural shift for most agencies. The official added that OMB's Office of Federal Procurement Policy and Office of the Federal CIO are working closely with agency CAOs and CIOs through the CIO Council and CAO Council to discuss practices that agencies have found helpful in achieving this cultural change.
- In comments provided via e-mail on November 18, 2017, a Senior Advisor from USDA's Office of the CIO stated that the department concurred with the findings in our report and had no additional comments.

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- In written comments, Education concurred with one of our recommendations, which called for the department to ensure that the office of the CAO is involved in the process to identify IT acquisitions. However, Education did not concur with a second recommendation to ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. The department stated that the CIO reviews and approves IT acquisition strategies and plans as part of his review and approval of IT investments. Specifically, the department stated that its Departmental Directive OCIO: 3-108, "Information Technology Investment Management" establishes a process for Office of the CIO review of IT acquisitions. Further, the department stated that its Statement of Work Review Process adds increased rigor to the CIO's review and approval by requiring all acquisitions with IT elements to be submitted for Office of the CIO review. Finally, the department stated that the Federal Student Aid Investment Review Board charter documents the agency CIO as a voting member. The department added the CIO is required to vote on Federal Student Aid IT investments greater than \$10 million. For Federal Student Aid investments less than \$10 million, the CIO is provided the same level of insight as any other Investment Review Board member, but has delegated the required vote to the Federal Student Aid CIO.

The IT Investment Management Directive, together with the department's associated Lifecycle Management Framework (referenced in the directive), indicates that the office of the CIO is to review IT acquisition plans. However, the department's Statement of Work Review Process does not require the review and approval of acquisition plans. Instead, the process states that the office of the CIO may review IT acquisition plans or strategies as one of several possible documents, including statements of work or cost estimates.

We also reviewed the Federal Student Aid Investment Review Board charter and updated our report to reflect the department CIO's involvement on the Federal Student Aid's Investment Review Board. Based on this collective information, we updated our assessment of Education's IT acquisition policy to reflect that the department had partially met OMB's requirements. Nevertheless, the CIO's review of the department's acquisition plans and strategies should be required, rather than optional. Thus, we believe that our recommendation to ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance is still warranted. Education's comments are reprinted in appendix VI.

- In written comments, Energy concurred with our two recommendations directed to the department and stated that it has activities underway to revise the department's acquisition policy. Energy added that it planned to address the recommendations by December 31, 2017. Energy's comments are reprinted in appendix VII.
- In comments provided via e-mail on December 7, 2017, a Management Analyst in HHS's Office of the CIO stated that the department agreed with the recommendation and had no comments on the report.
- In written comments, HUD stated that it concurred with our two recommendations to the department. HUD's comments are reprinted in appendix VIII.
- In written comments, Interior stated that it concurred with our three recommendations to the department. Interior's comments are reprinted in appendix IX.
- In comments provided via e-mail on November 27, 2017, a Program Analyst from Justice's Internal Review and Evaluation Office stated that the department concurred with our two recommendations. The department also provided technical comments, which we have incorporated in the report, as appropriate.
- In written comments, Labor concurred with our three recommendations that we directed to the department. These recommendations called for the department to (1) ensure that the office of the CAO is involved in the process to identify IT acquisitions, (2) issue specific guidance to ensure IT-related acquisitions are properly identified, and (3) ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. Labor detailed actions recently taken to implement each of the recommendations and submitted documentation to support its assertions. For example, the department submitted its Acquisition Plan Preparation Guide and related acquisition plan templates to show that it had issued guidance on identifying IT and required the CIO review and approval of IT acquisition plans. Implementation of these steps should help ensure appropriate oversight of IT acquisitions. Labor's comments are reprinted in appendix X.
- In written comments, State agreed with both of our recommendations. In particular, regarding our recommendation to ensure that the office of the CAO is involved in the process to identify IT acquisitions, the department stated that senior State officials, including the CAO and CIO, will develop a plan to ensure that the CAO monitors acquisition

activities and ensures acquisition decisions are consistent with all applicable laws, such as FITARA.

Further, regarding the recommendation to ensure that the department's IT acquisition plans or strategies are reviewed and approved according to OMB's guidance, State referenced its capital planning and investment control guide that describes how a group under the direction of the CIO reviews acquisition strategies during the IT portfolio selection process. However, while the guide states that the CIO is to approve the finalized IT portfolio, the guide does not state that the CIO is to review the individual acquisition strategy documents. As a result, our recommendation is still warranted. State's comments are reprinted in appendix XI.

- In comments provided via e-mail on December 7, 2017, an Audit Liaison from Treasury's Office of the CIO stated that the department had no comments on the report. The department did not say whether it agreed or disagreed with the recommendation, but noted that it had planned corrective actions to work with Treasury stakeholders, to include the Chief Procurement Executive, Bureau CIOs, and Acquisition officials; and OMB officials to develop acquisition plans and strategies according to OMB's FITARA guidance for IT acquisition.
- In comments provided via e-mail on November 27, 2017, the Director of Audit Relations and Program Improvement within the Department of Transportation stated that the department concurred with the findings and recommendations.
- In written comments, VA concurred with our two recommendations to the department and stated that it is taking steps to address the recommendations. Specifically, regarding the recommendation to ensure that the office of the CAO is involved in the process to identify IT acquisitions, the department stated that it had addressed this concern by implementing an updated version of the Acquisition and Management of VA IT Resources directive in November 2017. In its discussion of this directive, the department stated that the CIO, in conjunction with the CAO, collaborates on all IT actions to ensure FITARA compliance.

While the directive clarifies the scope of VA's IT resources subject to the oversight authority of the CIO, the directive does not indicate that the office of the CAO is also involved in this process. It will be important for VA to consider this recommendation as it continues to implement FITARA requirements.

Further, regarding the recommendation to ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance, the department stated that its Office of Strategic Sourcing is currently developing processes and procedures necessary to implement FITARA accountability and responsibilities for IT acquisitions. The department also stated that the new acquisition review process is scheduled to be implemented in the second quarter of fiscal year 2018. VA's comments are reprinted in appendix XII.

- In written comments, EPA stated it did not take exception to the report's findings, conclusions, and recommendations. Regarding the recommendation to ensure that the office of the CAO is involved in the process to identify IT acquisitions, the agency stated that the policy which implements interim guidance from the CIO to comply with FITARA requirements is being updated. The agency added that future policy revisions are to include the requirement that the CAO or a designee will address this recommendation. EPA's comments are reprinted in appendix XIII.
- In comments provided via e-mail on November 17, 2017, a program analyst in GSA's GAO/Office of Inspector General Audit Management Division stated that the agency concurred with the report and had no additional comments.
- In written comments, NASA concurred with the three recommendations to the agency and stated that it believes it has already addressed them. Specifically, regarding the recommendation to ensure that the Office of the CAO is involved in the process to identify IT acquisitions, NASA asserted that its CAO is already adequately involved. However, NASA did not provide evidence that it fulfills this requirement. For instance, none of the processes mentioned in NASA's comments support the assertion that the acquisition office is involved in the identification of individual acquisitions as IT. Further, the discussion of a form used to identify IT acquisitions (NASA Form 1707) confirmed our original conclusion that the officials identifying IT acquisitions are not in the acquisition office.

In addition, NASA concurred with our recommendation to issue specific guidance to ensure IT-related acquisitions are properly identified, and stated that the agency currently has several policies that provide such guidance. However, the policies named by the agency (NASA Policy Directive 1000.5B, NASA Interim Directive 1000.110, NASA FAR Supplement 1804.7301, and NASA FAR Supplement 1807.71) do not contain guidance on how the identifying officials should determine whether an acquisition is IT-related. For example, our review of NASA Form 1707 (required by NASA FAR

Supplement 1804.7301) showed that, while this form has instructions on how to fill out its IT section, it does not contain guidance on how to properly identify an acquisition as IT-related. In addition, NASA did not provide an official policy on the role of the Center Functional Review Team in the identification process.

Further, NASA concurred with our recommendation to ensure that its IT acquisition plans or strategies are reviewed and approved according to OMB guidance and stated that, on September 27, 2017, the CIO had issued a memo delegating the authority to review and approve all IT acquisitions to the Center CIOs. However, as previously mentioned, these delegations of authority need to be approved by OMB, and NASA's delegation of IT acquisition authority had not been approved by OMB, as required. In addition, NASA has not demonstrated that the CIO's review and approval is occurring, as none of the 9 acquisitions we randomly selected were reviewed and approved by the CIO. NASA also stated that the CIO and Assistant Administrator for Procurement review acquisition plans as part of their participation in Acquisition Strategy Meetings. However, as we mention in the report, not all IT contracts have acquisition strategy meetings. NASA's comments are reprinted in appendix XIV.

- In written comments, NRC did not concur with our recommendations and stated that our draft report did not accurately reflect the agency's process for reviewing and approving IT acquisitions. With regard to our recommendation to ensure that the office of the senior procurement officer is involved in the process to identify IT acquisitions, the agency provided technical comments which stated that acquisition office officials review acquisitions to ensure that IT is properly identified. However, the agency did not provide supporting documentary evidence to support this assertion. Lacking evidence from the agency that would enable us to verify the implementation of the process described in its comments, we maintain that our recommendation is warranted.

In addition, our draft of this report included a recommendation for NRC to ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. NRC disagreed with this recommendation and stated in its technical comments that the agency does not require the development of acquisition plans for acquisitions under \$1 million. Thus, the NRC CIO does not review acquisition plans under that threshold. The agency also stated that it has a process for approving contract actions under the \$1 million threshold.

According to OMB guidance, in the absence of acquisition plans or strategies, CIOs may approve the corresponding contract actions.⁴⁶ Since NRC has a process for approving contract actions under the \$1 million threshold, we revised the report to reflect that NRC has processes in place for the review and approval of acquisition plans in a manner consistent with OMB guidance and removed the associated recommendation. NRC's comments are reprinted in appendix XV and its technical comments have been incorporated in the report, as appropriate.

- In comments provided via e-mail on November 21, 2017, an NSF liaison stated that the agency had no comments.
- In written comments, OPM concurred with our recommendation and stated that the agency will review and update its policies and processes as needed, so that they are aligned with OMB's guidance. OPM's comments are reprinted in appendix XVI.
- In written comments, SBA agreed with our recommendation to ensure that the office of the CAO is involved in the process to identify IT acquisitions. SBA noted that it is not required to have a CAO, but agreed with having its acquisition workforce involved in IT acquisitions. Based on the agency's comments, we modified the associated recommendation to refer to the agency's senior procurement executive rather than the CAO. SBA stated that it has already begun to implement the recommendation for fiscal year 2018. SBA's comments are reprinted in appendix XVII.
- In written comments, SSA agreed with the three recommendations that we had directed to the agency, stated that it had taken steps to address the recommendations, and submitted supporting documentation. In particular, SSA agreed with the recommendation to ensure that the office of the CAO is involved in the process to identify IT acquisitions and, in response, provided documentation that is to detail the involvement of its Chief Financial Officer (who is the agency's senior procurement executive) in identifying and approving IT acquisitions. Implementation of these steps should help ensure appropriate oversight of IT acquisitions.

Regarding our recommendation to issue specific guidance to ensure IT-related acquisitions are properly identified, SSA agreed with the recommendation and stated that, according to its IT Acquisition Approval Policy, the Chief Financial Officer notifies the CIO of IT

⁴⁶M-15-14.

acquisitions by submitting acquisition plans to the CIO for approval. However, while SSA's policy does support this method of CIO notification, it does not provide guidance to assist in identifying IT.

Further, SSA agreed with our recommendation to ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance and provided its September 2017 policy for acquisition plan approval. After reviewing this policy and SSA's 2017 capital planning and investment control process, we updated our report to show that SSA's processes satisfy OMB's requirements. While SSA has made progress in implementing OMB's FITARA requirements, the agency needs to demonstrate that the CIO's review and approval are occurring, as 3 of the 10 acquisitions we randomly selected were not reviewed and approved as required by OMB's guidance. It will be important for SSA to consider this recommendation as it continues to implement FITARA requirements. SSA's comments are reprinted in appendix XVIII. The agency also provided technical comments, which we have incorporated in the report as appropriate.

- In written comments, USAID agreed with our recommendation and stated that the CIO and CAO are working together to (1) ensure all IT-related acquisition plans and strategies are reviewed and approved by the CIO and (2) further communicate this requirement to the acquisition planning stakeholders. USAID's comments are reprinted in appendix XIX. The agency also provided technical comments, which we have incorporated in the report as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretaries of the Departments of Agriculture, Commerce, Education, Energy, Health and Human Services, Housing and Urban Development, Labor, State, the Interior, the Treasury, Transportation, and Veterans Affairs; the U.S. Attorney General of the Department of Justice; the Administrators of the Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, Small Business Administration, and the U.S. Agency for International Development; the Commissioner of the Social Security Administration; the Directors of the National Science Foundation and the Office of Personnel Management; and the Chairman of the Nuclear Regulatory Commission. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-9286 or at pownerd@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix XX.

A handwritten signature in black ink, reading "David A. Powner". The signature is fluid and cursive, with the first name "David" and last name "Powner" clearly legible.

David A. Powner
Director, Information Technology
Management Issues

List of Committees

The Honorable Trey Gowdy
Chairman
Committee on Oversight and Government Reform
House of Representatives

The Honorable Elijah Cummings
Ranking Member
Committee on Oversight and Government Reform
House of Representatives

The Honorable Will Hurd
Chairman
Subcommittee on Information Technology
Committee on Oversight and Government Reform
House of Representatives

The Honorable Robin L. Kelly
Ranking Member
Subcommittee on Information Technology
Committee on Oversight and Government Reform
House of Representatives

The Honorable Mark Meadows
Chairman
Subcommittee on Government Operations
Committee on Oversight and Government Reform
House of Representatives

The Honorable Gerald E. Connolly
Ranking Member
Subcommittee on Government Operations
Committee on Oversight and Government Reform
House of Representatives

Appendix I: Objectives, Scope, and Methodology

Our objectives were to determine the extent to which (1) federal agencies identify information technology (IT) contracts and how much is invested in them, and (2) federal agency Chief Information Officers (CIO) are reviewing and approving IT acquisitions.

For both objectives, our review included the Office of Management and Budget (OMB) and 22 agencies of the 24 agencies covered by the Chief Financial Officer Act.¹ We did not include the Department of Defense because it is excluded from the relevant provision in the Federal Information Technology Acquisition Reform Act (FITARA) requiring CIO approval of IT contracts. Further, we did not include the Department of Homeland Security because we recently issued a report that reviewed the department's implementation of FITARA, including the CIO's approval of IT contracts.² For specific information on the CIOs' review of individual IT contracts, we focused on 10 agencies covered by FITARA that obligated the most money to IT contracts in fiscal year 2016 (except the Departments of Defense and Homeland Security).³

To determine the extent to which federal agencies identify IT contracts and how much is invested in them, we requested that each of the 22 selected agencies submit a list of their IT contract obligations for fiscal year 2016. We also requested the associated contract identification number, obligation amount, and product and service code.

¹The 22 agencies are the Departments of Agriculture, Commerce, Education, Energy, Health and Human Services, Housing and Urban Development, Justice, Labor, State, the Interior, the Treasury, Transportation, and Veterans Affairs; the Environmental Protection Agency; General Services Administration; National Aeronautics and Space Administration; National Science Foundation; Nuclear Regulatory Commission; Office of Personnel Management; Small Business Administration; Social Security Administration; and U.S. Agency for International Development.

²GAO, *Homeland Security: Progress Made to Implement IT Reform, but Additional Chief Information Officer Involvement Needed*, [GAO-17-284](#) (Washington, D.C.: May 18, 2017).

³The 10 agencies with the most obligated to IT contracts in 2016 are the Departments of Agriculture, Commerce, Health and Human Services, Justice, State, the Treasury, Transportation, and Veterans Affairs; the National Aeronautics and Space Administration; and Social Security Administration.

In order to determine if the agencies gave us a full accounting of their IT obligations, we used the Category Management Leadership Council's⁴ categorizations of federal government spending by product and service codes. In particular, we used the Council's list of 79 IT-related codes, which is listed in appendix II,⁵ to identify fiscal year 2016 IT-related contract obligations on USAspending.gov.⁶ For each funding agency, we downloaded all contracts associated with the IT-related codes, such as purchase orders, blanket purchase agreements, and government-wide acquisition contracts.⁷ By comparing the resulting list of IT-related contracts on USAspending.gov data to those provided by the agencies, we were able to determine which IT-related contract obligations the agencies had not identified. In doing so, we gave the agency credit for identifying the entire IT contract if an agency identified any portion of the contract (e.g., a contract modification). Consequently, the total of obligations that agencies did not identify is likely higher than the totals we were able to report.

To assess the reliability of the USAspending.gov data, we reviewed publicly available documentation related to the database, such as the USAspending.gov data dictionary. We also reviewed the results of our

⁴The Council is chaired by the Administrator of Federal Procurement Policy and includes representatives from the agencies that comprise the majority of federal procurement spending: the Department of Defense, Energy, Health and Human Services, Homeland Security, Veterans Affairs, the General Services Administration, the National Aeronautics and Space Administration, and the Small Business Administration.

⁵The Category Management Leadership Council developed its list of 79 IT-related codes by mapping product and service codes to the following categories: IT software, IT hardware, IT consulting, IT security, IT outsourcing, and telecommunications. The full list is available at https://www.acquisition.gov/Category_Management.

⁶USAspending.gov is a free, publicly accessible website managed by OMB that contains contract data on federal awards and subawards. The contract data on USAspending.gov are imported from the Federal Procurement Data System-Next Generation, which collects information on contract actions. Federal agencies are responsible for ensuring that the information reported to the system is complete and accurate. The system can be accessed at <https://www.fpds.gov>.

⁷A purchase order is an offer by the government to buy supplies or services upon specified terms and conditions, using simplified acquisition procedures. A blanket purchase agreement is a simple method of filling needs for supplies or services by establishing "charge accounts" with qualified sources of supplies. A government-wide acquisition contract is a task-order or delivery-order contract for IT established by one agency for government-wide use that is operated by an executive agent designated by OMB pursuant to statute or under a delegation of procurement authority issued by the General Services Administration.

previous reports on USAspending.gov that had identified deficiencies in the accuracy and reliability of the reported data.⁸ For both the USAspending.gov and agency-supplied contract data, we tested the datasets to look for duplicate records and missing data in key fields. We also interviewed agency officials to corroborate the data. We found the contract data from USAspending.gov, while sometimes incomplete, were sufficient for our purpose of identifying IT contracts and demonstrating the amount of obligations toward IT contracts. In addition, we found the contract data provided by the agencies to be sufficiently reliable for the purposes of our reporting objectives. We used these data as evidence to support our findings, conclusions, and recommendations.

We also compared the product and service codes in the lists of IT contracts provided by the agencies to the list of IT product and service codes developed by the Category Management Leadership Council. From this comparison, we determined which agency-submitted obligations were associated with IT-related product and service codes and which obligations were associated with non-IT codes.

To determine the cause for any discrepancies between the agency-provided list of obligations and those found on USAspending.gov, we asked each agency to describe and provide evidence of the Chief Acquisition Officer's (CAO) involvement in the process for identifying IT acquisitions for CIO review.⁹ We also collected both testimonial evidence and documentation that described the identification process for potential IT acquisitions. We analyzed these data from each agency to determine

⁸For example, see GAO, *DATA Act: As Reporting Deadline Nears, Challenges Remain That Will Affect Data Quality*, [GAO-17-496](#) (Washington, D.C.: Apr. 28, 2017); *DATA Act: Office of Inspector General Reports Help Identify Agencies' Implementation Challenges*, [GAO-17-460](#) (Washington, D.C.: Apr. 26, 2017); *Data Transparency: Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Website*, [GAO-14-476](#) (Washington, D.C.: June 30, 2014); *IT Dashboard: Agencies Are Managing Investment Risk, but Related Ratings Need to Be More Accurate and Available*, [GAO-14-64](#) (Washington, D.C.: Dec. 12, 2013); and *Information Technology Dashboard: Opportunities Exist to Improve Transparency and Oversight of Investment Risk at Select Agencies*, [GAO-13-98](#) (Washington, D.C.: Oct. 16, 2012).

⁹OMB's FITARA guidance states that, if the agency has a senior procurement executive separate from the CAO, then the guidance applies to the senior procurement executive rather than the CAO. Of the 22 selected agencies, 7 are not required to have a CAO: the Department of Justice, National Science Foundation, Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, Social Security Administration, and U.S. Agency for International Development. In order to standardize our language, we refer to all CAOs and equivalent senior procurement executives as CAOs in this report.

the involvement of the CAO and officials within the CAO's acquisition office. We also determined the involvement of officials positioned outside of the acquisition office, such as officials from the office requesting the IT acquisition or from the Office of the CIO. As a result, we were able to establish which officials were responsible for identifying acquisitions for IT review at each agency. We also reviewed the submitted evidence to determine whether the agencies provided guidance that clearly described or defined IT to the identifying officials.

To determine the extent to which federal agency CIOs are reviewing and approving IT acquisitions, we first compiled a composite list of IT-related contracts from fiscal year 2016 for each of the 10 selected agencies by combining:

- contracts associated with IT-related product and service codes from USAspending.gov,
- contracts associated with IT vendors from USAspending.gov,
- contracts linked with major IT investments as listed on OMB's IT Dashboard, and
- contracts provided by agencies in response to our earlier request for a list of IT contracts.

We then randomly selected 10 IT contracts from each of the 10 agencies on which to perform additional analysis (100 total contracts).¹⁰ For each of the 100 selected contracts, we asked the associated agency to confirm that the contract was, in fact, IT-related and requested evidence of CIO or CIO designee review and approval of the contract's associated acquisition.¹¹ We compared the resulting documentation to FITARA and OMB guidance to determine the extent to which the IT acquisitions had been reviewed and approved. In order to receive full credit, agencies had to provide evidence that the CIO had reviewed and approved the acquisition plans or strategies for those IT acquisitions associated with

¹⁰Since OMB's FITARA guidance was to be implemented by December 31, 2015, we selected fiscal year 2016 contract actions that were signed on January 1, 2016, or later.

¹¹OMB's FITARA implementation guidance states that to be included in its definition of IT for purposes of FITARA, IT must be used by an agency directly. Consequently, we determined that two of the selected contracts should not be included because they were for products or services that will be used by an entity other than the agency. Separately, we determined that two other contracts were not IT-related, and thus FITARA was not applicable.

major IT investments.¹² For IT acquisitions associated with non-major IT investments, agencies had to provide evidence that the CIO, or a designee that reports directly to the CIO, reviewed and approved the acquisition plan or strategy. If agencies could not associate the IT acquisition with a particular IT investment, we looked for evidence that the CIO reviewed and approved the acquisition plan or strategy, since FITARA does not state that the review and approval of these IT acquisitions can be delegated.

To determine whether agencies had processes in place to ensure the review and approval of IT acquisitions, we reviewed agency documentation on IT acquisition processes and procedures and compared it to the requirements in FITARA and OMB guidance.¹³ We also interviewed agency officials to clarify their respective processes and policies. In order to receive full credit, agencies had to provide evidence that they had a process in place that required the agency CIO to review and approve IT acquisition plans or strategies with the exception of those associated with non-major IT investments. Agencies received partial or no credit if their processes had one or more of the following shortfalls:

- approval was not documented,
- delegated IT acquisition review and approval without OMB approval of those delegations,
- did not provide the CIOs or their delegates oversight of all IT acquisitions,
- involved the review of other documentation instead of the required acquisition plans or strategies, or
- did not provide department CIO oversight over IT acquisitions at the component level.

¹²The Federal Acquisition Regulation (FAR) is the primary regulation for use by federal executive agencies in their acquisition of supplies and services with appropriated funds. According to the FAR, a detailed acquisition plan must address all the technical, business, management, and other significant considerations that will control the acquisition. It should include, among other things, a statement of need, cost, a plan of action, and milestones. The FAR is less specific on the requirements for an acquisition strategy, but it states that acquisition planning should include developing the overall strategy for managing the acquisition.

¹³M-15-14.

We conducted this performance audit from July 2016 to January 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: IT-Related Product and Service Codes

In September 2015, the Category Management Leadership Council and the Office of Management and Budget (OMB) identified a total of 79 information technology (IT)-related product and service codes, of which 43 are for IT services and 36 are for IT products.¹ Table 4 provides details on the IT-related services and product codes.

Table 4: Information Technology (IT)-Related Product and Service Codes

	Product and service code	Description of product and service code
IT services	D301	IT and Telecom- Facility Operation and Maintenance
	D302	IT and Telecom- Systems Development
	D303	IT and Telecom- Data Entry
	D304	IT and Telecom- Telecommunications and Transmission Includes: Telephone Service Via Landline, Wireless, or Satellite, Including Cellular, Land Mobile Radio, and VOIP. Excludes: Internet Services (D322)
	D305	IT and Telecom- Teleprocessing, Timeshare, and Cloud Computing. Includes: Software As A Service, Infrastructure As A Service
	D306	IT and Telecom- Systems Analysis
	D307	IT and Telecom- IT Strategy and Architecture
	D308	IT and Telecom- Programming
	D309	IT and Telecom- Information and Data Broadcasting or Data Distribution
	D310	IT and Telecom- Cyber Security and Data Backup. Includes: Information Assurance, Virus Detection, Network Management, Situational Awareness and Incident Response, Secure Web Hosting, Backup and Security Services
	D311	IT and Telecom- Data Conversion
	D312	IT and Telecom- Optical Scanning
	D313	IT and Telecom- Computer Aided Design/Computer Aided Manufacturing
	D314	IT and Telecom- System Acquisition Support. Includes: Preparation of Statement of Work, Benchmarks, Specifications, etc.
	D315	IT and Telecom- Digitizing. Includes: Cartographic and Geographic Information
	D316	IT and Telecom- Telecommunications Network Management. Includes: Network Engineering and Operational Support

¹The full list of product and service codes is available at https://www.acquisition.gov/Category_Management.

Appendix II: IT-Related Product and Service Codes

Product and service code	Description of product and service code
D317	IT and Telecom- Web-Based Subscription. Includes: Subscriptions to Data, Electronic Equivalent of Books, Periodicals, Newspapers, etc.
D318	IT and Telecom- Integrated Hardware/Software/Services Solutions, Predominantly Services. Includes: Contracts Buying Hardware, Software, and Related Services, Where Services Are the Predominant Portion of the Contract Value
D319	IT and Telecom- Annual Software Maintenance Service Plans
D320	IT and Telecom- Annual Hardware Maintenance Service Plans
D321	IT and Telecom- Help Desk
D322	IT and Telecom- Internet. Includes: Internet Access Via Wired, Wireless, and Satellite Media, Including Broadband and Dial Up. Excludes: Telecommunications and Transmission Services (D304)
D324	IT and Telecom- Business Continuity
D325	IT and Telecom- Data Centers and Storage. Includes: Data Center Consolidation, Modernization, and Transformation; Enterprise Resource Planning; Data Center Design
D399	IT and Telecom- Other IT and Telecommunications
H170	Quality Control- Automatic Data Processing Equipment (Including Firmware), Software, Supplies and Support Equipment
H970	Other Quality Control, Testing, and Inspection- Automatic Data Processing Equipment (Including Firmware), Software, Supplies and Support Equipment
J058	Maintenance/Repair/Rebuild of Equipment- Communication, Detection, and Coherent Radiation Equipment
J060	Maintenance/Repair/Rebuild of Equipment- Fiber Optics Materials, Components, Assemblies, and Accessories
J070	Maintenance, Repair, and Rebuilding of Equipment- Automatic Data Processing Equipment (Including Firmware), Software, Supplies, and Support Equipment
J099	Maintenance/Repair/Rebuild of Equipment- Miscellaneous
K060	Modification of Equipment- Fiber Optics Materials, Components, Assemblies, and Accessories
K070	Modification of Equipment- Automatic Data Processing Equipment (Including Firmware), Software, Supplies, and Support Equipment
L070	Technical Representative- Automatic Data Processing Equipment (Including Firmware), Software, Supplies, and Support Equipment
N058	Installation of Equipment- Communication, Detection, and Coherent Radiation Equipment
N060	Installation of Equipment- Fiber Optics Materials, Components, Assemblies, and Accessories
N070	Installation of Equipment- Automatic Data Processing Equipment (Including Firmware), Software, Supplies, and Support Equipment
R409 ^a	Program Review/Development Services
R413	Support- Professional: Specifications Development
R415	Support- Professional: Technology Sharing/Utilization
S113 ^b	Telephone and-or Communications Services (Includes Telegraph, Telex, and Cablevision Services)
W058	Lease Or Rental of Equipment- Communication, Detection, and Coherent Radiation Equipment
W070	Lease Or Rental of Equipment- Automated Data Processing Equipment/Software/Supplies/Support Equipment

Appendix II: IT-Related Product and Service Codes

	Product and service code	Description of product and service code
IT products	5805	Telephone and Telegraph Equipment
	5810	Communications Security Equipment and Components
	5811	Other Cryptologic Equipment and Components
	5820	Radio and Television Communication Equipment, Except Airborne
	5821	Radio and Television Communication Equipment, Airborne
	5850	Visible and Invisible Light Communication Equipment
	5895	Miscellaneous Communication Equipment
	6007 ^c	Filters
	6008 ^c	Optical Multiplexers/Demultiplexers
	6010	Fiber Optic Conductors
	6015	Fiber Optic Cables
	6020	Fiber Optic Cable Assemblies and Harnesses
	6021	Fiber Optic Switches
	6025 ^c	Fiber Optic Transmitters
	6030	Fiber Optic Devices
	6031 ^c	Integrated Optical Circuits
	6032	Fiber Optic Light Sources and Photo Detectors
	6034 ^c	Fiber Optic Mod/Demodulators
	6035	Fiber Optic Light Transfer and Image Transfer Devices
	6040 ^d	Fiber Optic Sensors
	6060	Fiber Optic Interconnectors
	6070	Fiber Optic Accessories and Supplies
	6080	Fiber Optic Kits and Sets
	6099	Miscellaneous Fiber Optic Components
	7010	Information Technology Equipment System Configuration
	7020	Information Technology Central Processing Unit (CPU, Computer), Analog
	7021	Information Technology Central Processing Unit (CPU, Computer), Digital
	7022	Information Technology Central Processing Unit (CPU, Computer), Hybrid
	7025	Information Technology Input / Output and Storage Devices
	7030	Information Technology Software
	7035	Information Technology Support Equipment
	7040	Punched Card Equipment
	7042	Mini and Micro Computer Control Devices
	7045	Information Technology Supplies
	7050	Information Technology Components
	7435	Office Information System Equipment

Source: GAO analysis of Federal Procurement Data System and Category Management Leadership Council's documentation. | GAO-18-42

**Appendix II: IT-Related Product and Service
Codes**

^aCode R409 was merged with code R407 (Program Review/Development Services) into a new code R410 (Support- Professional: Program Evaluation/Review/Development).

^bCode S113 was merged with code D304 (IT and Telecom- Telecommunications and Transmission).

^cCodes 6007, 6008, 6025, 6031, and 6034 were integrated under code 6030 (Fiber Optic Devices).

^dCode 6040 was integrated under code 6099 (Miscellaneous Fiber Optic Components).

Appendix III: Estimated Total Fiscal Year 2016 IT Obligations by Agency

The 22 selected agencies identified approximately \$14.7 billion in obligations for information technology (IT)-related contracts in fiscal year 2016. Of that amount, approximately \$14 billion was categorized as IT-related per the Category Management Leadership Council's product and service codes, and approximately \$626 million was categorized under other, non-IT codes. In addition to the obligations that agencies reported to us, we identified an additional \$4.5 billion in obligations for contracts with IT-related product and service codes, raising the total amount obligated to IT contracts in fiscal year 2016 to at least approximately \$19.2 billion. Table 5 provides details on each selected agency's obligations for IT-related contracts in fiscal year 2016.

Table 5: Estimated Total Fiscal Year 2016 Information Technology (IT) Obligations by Agency

Agency	Agency-identified obligations associated with non-IT codes (\$M)	Agency-identified obligations associated with IT codes (\$M)	Additional GAO-identified obligations (\$M)	Total identified IT obligations (\$M)
Department of Agriculture	-	\$814 (91%)	\$81 (9%)	\$894
Department of Commerce	\$13 (1%)	\$1,135 (94%)	\$62 (5%)	\$1,210
Department of Education	-	\$261 (98%)	\$5 (2%)	\$266
Department of Energy	-	\$216 (98%)	\$5 (2%)a	\$221
Department of Health and Human Services	\$8 (0%)	\$1,105 (50%)	\$1,110 (50%)	\$2,223
Department of Housing and Urban Development	-	\$189 (79%)	\$52 (21%)	\$240
Department of Justice	-	\$1,594 (100%)	-	\$1,594
Department of Labor	\$105 (22%)	\$324 (67%)	\$55 (11%)	\$485
Department of State	-	\$1,704 (99%)	\$17 (1%)	\$1,720
Department of the Interior	\$7 (1%)	\$300 (50%)	\$292 (49%)	\$599
Department of the Treasury	-	\$701 (46%)	\$839 (54%)	\$1,540
Department of Transportation	\$1 (0%)	\$706 (53%)	\$614 (46%)	\$1,320
Department of Veterans Affairs	\$220 (6%)	\$2,422 (70%)	\$808 (23%)	\$3,450
Environmental Protection Agency	\$156 (43%)	\$189 (52%)	\$17 (5%)	\$362
General Services Administration	\$53 (8%)	\$318 (50%)	\$263 (42%)a	\$633
National Aeronautics and Space Administration	-	\$843 (97%)	\$27 (3%)	\$870

**Appendix III: Estimated Total Fiscal Year 2016
IT Obligations by Agency**

Agency	Agency-identified obligations associated with non-IT codes (\$M)	Agency-identified obligations associated with IT codes (\$M)	Additional GAO-identified obligations (\$M)	Total identified IT obligations (\$M)
National Science Foundation	\$24 (18%)	\$17 (13%)	\$94 (70%)	\$136
Nuclear Regulatory Commission	\$14 (10%)	\$115 (87%)	\$4 (3%)	\$132
Office of Personnel Management	\$1 (0%)	\$91 (55%)	\$75 (45%)	\$167
Small Business Administration	-	\$79 (98%)	\$2 (2%)	\$81
Social Security Administration	\$24 (3%)	\$899 (95%)	\$23 (2%)	\$946
U.S. Agency for International Development	-	\$22 (21%)	\$83 (79%) ^a	\$106
Totals	\$626 (3%)	\$14,042 (73%)	\$4,529 (24%)	\$19,197

Source: GAO analysis of USAspending.gov and agency data. | GAO-18-42

Note: Due to rounding, the combined obligation amounts may not equal the totals, and the percentages in each row may not add up to 100 percent.

^aThe agency stated that a portion of this amount is for IT contracts that the agency funded on behalf of another entity.

Appendix IV: Agency Acquisition Processes Used to Review and Approve IT Acquisitions

The Federal Information Technology Acquisition Reform Act (FITARA) and the Office of Management and Budget's (OMB) associated implementation guidance require major civilian agency chief information officers (CIO) to review and approve acquisitions of information technology (IT) either directly, or as full participants in the agency's governance processes. In particular, OMB's guidance¹ states that agencies shall not approve an acquisition plan or strategy that includes IT without the agency CIO's review and approval.² OMB's guidance also allows the CIO to delegate these responsibilities to other agency officials to act as the CIO's representative; however, staff in OMB's Office of the Federal CIO noted that these assignments need to be approved by OMB.³ Alternatively, FITARA and OMB's guidance allows agencies to use IT governance processes to conduct these reviews and approvals, as long as the CIO is a full participant in the process. Table 6 provides details on the selected agencies' acquisition processes and the degree to which the processes comply with OMB's requirements.

¹M-15-14.

²FITARA allows the CIO of a covered agency to delegate the review and approval of contracts associated with non-major IT investments, but the delegated official must report directly to the agency CIO.

³According to OMB, they have approved assignment plans from 15 of the 22 selected agencies—USDA, Commerce, Education, HHS, Interior, Justice, Labor, State, Treasury, VA, EPA, GSA, NSF, OPM, and SSA.

Table 6: Degree to Which Selected Agencies' Processes Comply with the Office of Management and Budget's (OMB) Requirements on Chief Information Officers' (CIO) Review and Approval of Information Technology (IT) Acquisition Plans

Agency	Complies with OMB requirements	Description of acquisition processes
Department of Agriculture (USDA)	Partially Satisfies	USDA's CIO or designee is to review and approve a subset of IT acquisition plans or strategies. Specifically, an Associate CIO is to review and approve acquisition documentation including an acquisition plan, when applicable, for acquisitions of IT-related advisory and assistance services over \$500,000. To review and approve other IT acquisitions, the CIO is to use the Acquisition Approval Request Process. As a part of this process, requests for IT acquisitions are to be submitted to the Office of the CIO along with a statement of work, among other items. The request is to be reviewed by the Office of the CIO and then approved by the CIO or a delegate based on acquisition amount. In particular, the CIO is to be responsible for approving IT requests equal to or above \$50 million, but can delegate to the Deputy CIO. The Deputy CIO is to be responsible for approving requests valued between \$25,000 and \$50 million, but can delegate to the Associate CIO. The component CIOs can approve IT requests under \$25,000. In addition to these approval processes, the agency's Integrated Advisory Board (chaired by an Associate CIO) is to take acquisition strategies into consideration when making technical recommendations on IT investments. Further, the Office of the CIO is to regularly review and score IT investments on a number of criteria, including the investment's associated acquisition strategy and plan. However, neither of these processes currently allow for the approval of a particular acquisition strategy or plan.
Department of Commerce (Commerce)	Fully Satisfies	Commerce's CIO is to review and approve IT acquisition plans through its Commerce Information Technology Review Board that the CIO chairs. The Board is to review and approve IT acquisitions at or above \$10 million. Acquisitions below this threshold are to be delegated to bureau CIOs. In addition, Commerce's Office of the CIO is to review and approve project artifacts as part of its IT Compliance Checklist for all IT acquisitions, including the acquisition plan or the contract.
Department of Education (Education)	Partially Satisfies	Education's CIO has delegated the review and approval of IT acquisition plans and strategies. Specifically, the Office of the CIO's Investment Acquisition Management Team is to review and approve acquisition plans as part of its Lifecycle Management Framework. However, the department's guidance on the CIO approval process states that the Office of the CIO may review IT acquisition plans or strategies as one of several possible documents. As such, reviewing acquisition plans and strategies is not required. The department CIO is also a voting member of Federal Student Aid's Investment Review Board. The department CIO is required to vote on IT investments greater than \$10 million. The department CIO has delegated the required vote on IT investments less than \$10 million to the Federal Student Aid's CIO.
Department of Energy (Energy)	Fails	Energy's CIO does not review and approve IT acquisition plans or strategies. Instead, Energy's Office of the CIO is to review and approve acquisition documentation, which may include an acquisition plan, for a subset of IT acquisitions. However, acquisition plans are not required to be submitted. In addition, the agency's process only covers IT acquisitions that originate in headquarters. Energy's CIO is also a member of the Energy Systems Acquisition Advisory Board which is to review acquisitions related to capital assets with a total project cost of \$100 million or greater.
Department of Health and Human Services (HHS)	Fully Satisfies	HHS's Office of the CIO is to review and approve IT acquisition strategies that meet certain thresholds and provide a recommendation to the CIO or designee. Specifically, the CIO or designee is to review and approve all IT acquisition strategies at the department level for acquisitions greater than \$150,000 through the Information Technology Acquisitions Review process. In addition, the department CIO is to review and approve IT acquisition strategies originating at the components for investments greater than or equal to \$20 million annually or \$100 million over 5 years. The CIO has delegated the approval of acquisition strategies for investments less than this threshold to the operating division CIOs.

**Appendix IV: Agency Acquisition Processes
Used to Review and Approve IT Acquisitions**

Agency	Complies with OMB requirements	Description of acquisition processes
Department of Housing and Urban Development (HUD)	Partially Satisfies	HUD's Office of the CIO is to review IT acquisition requests that include an acquisition plan or strategy only for acquisitions at or above \$500,000. The approval authority has been delegated to the Deputy CIO and Customer Relationship Coordinators within the Office of the CIO. However, HUD's delegation of contract review and approval has not been approved by OMB. Moreover, HUD's CIO does not have input in reviewing and approving IT acquisition requests of one of its components, the Government National Mortgage Association.
Department of Justice (Justice)	Partially Satisfies	Justice's CIO is to review and approve acquisition plans through Justice's CIO Acquisition Review Board. In particular, all IT acquisitions are to be submitted to the CIO board, and the CIO is to be specifically involved in those acquisitions over \$2.5 million. Component CIOs are authorized to approve procurement actions equal to or less than \$500,000, but still are required to inform the CIO board of the acquisition. However, the CIO board is not yet chartered. Two components—the Federal Bureau of Investigation and the Federal Bureau of Prisons—are exempt from going through the CIO board because they are to use a CIO-approved Alternative IT Acquisition Review Program, of which a representative of the department Office of the CIO is a member.
Department of Labor (Labor)	Partially Satisfies	Labor's CIO is to review and approve a subset of IT acquisition plans. Specifically, Labor's policy requires that IT acquisition plans associated with major investments be reviewed and approved by the CIO or the Office of the CIO; however, acquisitions not associated with a major investment are not to receive this level of review. In addition, the CIO is to review and approve other acquisition documentation, such as a statement of work, as part of Labor's IT Acquisition Review Board. The CIO also is to review IT acquisition spend plan information through the annual IT Spend Plan process. All acquisitions are to go through the IT Spend Plan process. However, only IT acquisitions over \$150,000 that were not pre-approved through the Spend Plan process are to go through the IT Acquisition Review Board review and approval process.
Department of State (State)	Fails	While State's CIO does not review and approve IT acquisition plans/strategies, the CIO is to review and approve other acquisition documentation (e.g., a statement of work or cost/benefit analysis) for acquisition requests \$10 million or more per fiscal year. State is updating its procedures and policies to fulfill FITARA requirements and plans to complete this effort during the fourth quarter of fiscal year 2017.
Department of the Interior (Interior)	Partially Satisfies	Interior's CIO is to review and approve acquisition strategies valued at \$50 million or more through his/her membership on the Acquisition Procurement Advisory Committee. However, the CIO's membership on the committee has not yet been documented. In addition, acquisitions valued below \$50 million are to be approved by IT request reviewers that do not report directly to the CIO. The agency plans to create a reporting chain from the reviewer to associate CIOs or the CIO, possibly in 2018.
Department of the Treasury (Treasury)	Fails	Treasury's CIO does not review and approve IT acquisition plans/strategies. The department CIO has delegated approval authority of IT acquisitions to the associate and component CIOs, who are required to approve IT acquisitions' related business cases, not IT acquisition plans or strategies. Each component CIO may use a different IT review and approval process as the department does not mandate standardization among its components. Treasury's main IT governance process for acquisitions is the Major Acquisition Program review process. The key component of this process is a briefing that is attended by stakeholders such as the relevant component CIO and the contracting officer. The Treasury CIO may also attend, but participation is not mandatory. These briefings provide insight into acquisitions and acquisition strategies for major acquisitions only. This process is not used to approve acquisition requests.

**Appendix IV: Agency Acquisition Processes
Used to Review and Approve IT Acquisitions**

Agency	Complies with OMB requirements	Description of acquisition processes
Department of Transportation (Transportation)	Partially Satisfies	Transportation's Deputy CIO, through the department's Acquisition Strategy Review Board, is to approve acquisition plans for acquisitions over \$20 million or over \$10 million if high risk. The component CIOs are to review the acquisition plans, as applicable, for the acquisitions that do not meet this threshold. These delegations, however, have not been approved by OMB. In addition, the CIO is to approve IT acquisitions through the annual Spend Plan process. Spend plans submitted through this process provide a high-level overview of proposed IT purchases. However, the Transportation CIO does not have approval authority over the Federal Aviation Administration's acquisition requests.
Department of Veterans Affairs (VA)	Fails	VA's CIO does not review IT acquisition plans or strategies. The agency acknowledges that its processes are not in compliance with FITARA. Officials from VA's Office of Information and Technology stated that they are currently developing processes and procedures necessary to implement FITARA accountability and responsibilities for IT acquisitions. While the agency did not submit any documented timelines for their plans, VA officials stated that they would like to implement the new process by the second quarter of fiscal year 2018.
Environmental Protection Agency (EPA)	Fully Satisfies	EPA's CIO is to review and approve IT acquisition strategy documentation, including a work statement, a description of the acquisition, and a cost estimate, for IT hosting requests and requests for IT services greater than \$1 million a year. The CIO has delegated approval for the acquisition of IT hardware, IT software, and IT services (less than \$1 million a year) to other officials.
General Services Administration (GSA)	Fully Satisfies	GSA's CIO has delegated IT acquisition plan review and approval to the Associate CIOs. In addition, the Office of the CIO's Vendor Management Office is to be notified of all IT acquisition requests over \$150,000 and is to specifically review acquisition documentation (including acquisition plans) related to requests valued at more than \$700,000.
National Aeronautics and Space Administration (NASA)	Fails	NASA's CIO does not review and approve IT acquisition plans or strategies. Instead, requesters are to submit a form with every procurement request that requires the requester to self-identify whether the request includes IT and has been coordinated with the component CIO. NASA has a process for the CIO review of IT acquisitions over \$50 million; however, this process does not allow for the CIO approval of these IT acquisitions. Generally, procurements under \$50 million follow each particular component's IT procurement policies. NASA officials noted that IT expenditures under functional areas other than the Office of the CIO are not always reviewed by the CIO. Further, NASA's FITARA implementation plan states that the CIO approves IT contracts greater than \$20 million, but it does not specify what exactly is being reviewed and approved. According to agency officials, the CIO reviews and approves IT requirements documentation, which can include the CIO's participation in an Acquisition Strategy Meeting or a Procurement Strategy Meeting (the agency defines this meeting as an "acquisition plan in a meeting"). However, not all IT contracts are subject to these meetings. IT acquisitions below \$20 million have been delegated to the component CIOs. However, NASA's delegation of IT contract review and approval has not been approved by OMB.
National Science Foundation (NSF)	Fully Satisfies	NSF's CIO is to review and approve each IT acquisition plan over \$150,000 (the simplified acquisition threshold where regulation allows agencies to use simplified acquisition procedures).
Nuclear Regulatory Commission (NRC)	Fully Satisfies	NRC's CIO is to review and approve IT acquisition plans over \$1 million as a member of the Strategic Sourcing Group. The group's approval is required before any action can be taken on an acquisition over \$1 million. According to the agency, NRC does not require the development of acquisition plans for acquisitions under \$1 million. In the absence of acquisition plans or strategies, NRC has a process for approving contract actions under the \$1 million threshold. In addition, NRC's CIO is to review and approve high level information on every IT procurement request, such as the purpose, description, and committed amount, prior to contract award.

**Appendix IV: Agency Acquisition Processes
Used to Review and Approve IT Acquisitions**

Agency	Complies with OMB requirements	Description of acquisition processes
Office of Personnel Management (OPM)	Partially Satisfies	OPM's CIO does not review and approve IT acquisition plans or strategies. Instead, a member of the Office of the CIO is to review and approve IT acquisition plans for acquisitions over \$150,000. In addition, as a member of the Capital Investment Committee, the CIO is to review and approve acquisition requests over \$250,000, including documentation such as cost information and an alternatives analysis. In addition, the CIO co-chairs the agency's IT Investment Review Board which is to review all major IT investments. Following the approval of the Capital Investment Committee and/or the Investment Review Board, the CIO is to review and approve submitted IT Acquisition Checklists with documentation such as a statement of work or cost estimate for investments over \$250,000. According to the agency, the Deputy CIO has been performing this approval. However, OMB has not approved the agency's delegation of IT acquisition review and approval to the Office of the CIO or the Deputy CIO.
Small Business Administration (SBA)	Fully Satisfies	SBA's CIO is to review and approve IT acquisition plans over \$150,000 (the simplified acquisition threshold where regulation allows agencies to use simplified acquisition procedures). In addition, SBA CIO is a member of two governance boards that may review and approve IT contracts or acquisition plans, the Business Technology Investment Council, and the Contract Review Board.
Social Security Administration (SSA)	Fully Satisfies	SSA's CIO is to review and approve all IT acquisition plans with a value over \$5 million. The review and approval of acquisition plans for IT acquisitions between \$1 million and \$5 million has been delegated to the Assistant Deputy Commissioner of Systems. Acquisitions under \$1 million are to be reviewed and approved by a designated division director, who is a member of the CIO staff.
U.S. Agency for International Development (USAID)	Fails	USAID's processes do not require the CIO to review and approve IT acquisition plans or strategies. Specifically, USAID's Office of the CIO is to review IT acquisitions and the CIO or designee is to provide final approval as part of the Information Technology Acquisition Assessment and Authorization process. As a part of this process, the acquisition planner is to ensure that the acquisition plan contains sufficient information on the IT requirements and the Office of the CIO approvals, but there are no formal requirements that the acquisition plan be submitted to the Office of the CIO or that the CIO approves the acquisition plan.

Legend:

● = Fully satisfies OMB's requirements.

◐ = Satisfies certain elements of OMB's requirements, but not all.

Fails = Does not satisfy OMB's requirements.

Source: GAO analysis of agency documentation | GAO-18-42.

Appendix V: Details on Selected IT Acquisitions

Of 96 randomly selected information technology (IT) contracts at 10 agencies, 9 acquisitions associated with these contracts had been reviewed and approved as required by the Office of Management and Budget (OMB). The acquisitions associated with the remaining 87 contracts did not receive the appropriate levels of Chief Information Officer (CIO) review and approval in accordance with OMB requirements.¹ Table 7 provides details on the selected IT acquisitions and the CIO review and approval of them.

Table 7: Extent to Which Selected Information Technology (IT) Acquisitions Were Reviewed and Approved by the Chief Information Officer (CIO) in Accordance with the Office of Management and Budget's (OMB) Requirements

Agency	Procurement ID	Associated investment type	Amount obligated for contract action (\$M)	Total possible contract amount (\$M)	Did CIO approve acquisition plan or strategy per OMB requirements?
Department of Agriculture	AG3144K160255	Non-major	\$0.284	\$0.284	No, incorrect designee approved other documentation.
	AG3198K160050	Major	\$0.798	\$0.798	No
	AG7604K160018	Non-major	\$0.549	\$0.549	No
	AG3198D160088	Non-major	\$0.413	\$0.413	No, incorrect designee approved other documentation
	AG32SBD160085	Non-major	\$0.162	\$0.162	No
	AG32SBK160043	Non-major	\$0.0	\$0.353	No, correct designee, but approved other documentation
	AG3144D160117	Major	\$0.080	\$0.398	No, CIO approved other documentation

¹Our initial sample consisted of 100 contracts. OMB's FITARA implementation guidance states that to be included in its definition of IT for purposes of FITARA, IT must be used by an agency directly. Consequently, we determined that two of the selected contracts should not be included because they were for products or services that will be used by an entity other than the agency. Separately, we determined that two other contracts were not IT-related, and thus FITARA was not applicable. See appendix I for more information on our methodology.

Appendix V: Details on Selected IT Acquisitions

Agency	Procurement ID	Associated investment type	Amount obligated for contract action (\$M)	Total possible contract amount (\$M)	Did CIO approve acquisition plan or strategy per OMB requirements?
Department of Commerce	AG7604K160006	Major	\$1.289	\$2.616	No, correct designee, but approved other documentation
	AG3198B160007	Major	\$0.0	\$24.5	No, correct designee, but approved other documentation
	AG3151K160024	Non-major	\$0.182	\$0.182	No
	DOC46PAPT1600373	Major	\$4.507	\$4.507	No, correct designee, but approved other documentation
	DOC45PAPT1600332	Non-major	\$0.439	\$0.439	No
	DOC16372 ^a	Not associated	\$0.274	\$0.337	No
	DOCSA130116NC0025	Non-major	\$0.640	\$0.640	No
	DOC16061 ^a	Not associated	\$0.180	\$0.180	No
	DOCAB133E16CT0021	Major	\$0.242	\$0.242	No
	DOCAB133016CT0040	Major	\$0.224	\$0.224	No
Department of Health and Human Services	DOCWC133016NC0248	Major	\$0.160	\$0.800	No, incorrect designee approved other documentation
	DOCYA132116NC0341	Not associated	\$0.216	\$0.216	No
	DOC50PAPT1600023	Major	\$0	\$480	No, approved by incorrect designee
	HSHS250201600070W	Major	\$0.172	\$0.172	Yes. Approved by correct designee
	HHSN27600009	Non-major	\$0.167	\$1.2	No
	HHSF223201610359G	Not associated	\$0.148	\$0.228	No
	HHSF223201610007B	Non-major	\$0	\$44	No, correct designee, but approved other documentation
	HHSN275201600308U	Non-major	\$0.268	\$0.268	No, approved by incorrect designee
	HHSN272201600080U	Non-major	\$0.181	\$0.181	No, approved by incorrect designee
	HHSN269201600181U	Non-major	\$0.193	\$0.193	No, approved by incorrect designee
	HHSD2002016F89486	Major	\$0.144	\$0.793	No, approved by incorrect designee
	HHSD2002010372030018	Non-major	\$0.371	\$1.760	No, incorrect designee approved other documentation

Appendix V: Details on Selected IT Acquisitions

Agency	Procurement ID	Associated investment type	Amount obligated for contract action (\$M)	Total possible contract amount (\$M)	Did CIO approve acquisition plan or strategy per OMB requirements?
	HHSN316201600006W	n/a	n/a	n/a	Determined to be not applicable to FITARA as it was an IT contract for another agency's use
Department of Justice	DJBP0700NASR9M10193	Non-major	\$0.713	\$0.713	No
	DJJ16G29OSS586021	Major	\$0.426	\$0.426	Yes. Approved by CIO via participation in agency process
	DJA16AHDQG0554	Non-major	\$0.347	\$0.347	No, correct designee, but approved other documentation
	DJD16HQE0319	Major	\$2.341	\$2.341	Yes. Approved by CIO via participation in agency process
	DJF161200P0006490	Major	\$0.252	\$0.252	No
	DJF161200D0002600	Non-major	\$4.975	\$24.875	No, approved by governance process; not documented
	DJJ25000021	Non-major	\$0.678	\$0.678	Yes. Approved by correct designee
	DJF161200E0008280	Major	\$0.232	\$0.232	No
	DJM16A41G0494	Non-major	\$0.159	\$0.159	No
	DJF161200G0003779	Major	\$0.269	\$0.269	No, not documented
Department of State	SAQMMA16F5319	Non-major	\$0.550	\$0.869	No
	SAQMMA16F4122	Major	\$0.249	\$0.249	No
	SAQMMA16M0638	Major	\$0.251	\$0.251	No
	SWHARC16M0003	Not associated	\$0.439	\$0.439	No
	SAQMMA16C0291	Non-major	\$0.488	\$1.158	No
	SAQMMA16F3988	Non-major	\$0.790	\$0.790	No
	SINLEC16F0091	n/a	n/a	n/a	Determined to be not applicable to FITARA as it was an IT contract for another country's use
	SAQMMA16F1545	Non-major	\$0.263	\$0.263	No
	SAQMMA16L0220	Major	\$0.255	\$0.255	No, correct designee, but approved other documentation
	SAQMMA16F4255	n/a	n/a	n/a	Determined to be not applicable to FITARA as it was not IT-related
Department of	TEPS1634706	Not associated	\$0.499	\$0.499	No

**Appendix V: Details on Selected IT
Acquisitions**

Agency	Procurement ID	Associated investment type	Amount obligated for contract action (\$M)	Total possible contract amount (\$M)	Did CIO approve acquisition plan or strategy per OMB requirements?
the Treasury	TIRNO12Z000210064	Both major and non-major	\$1.662	\$1.662	No, correct designee, but approved other documentation
	TIRNO12Z000210039	Major	\$0.751	\$0.751	No, correct designee, but approved other documentation
	TIRNO16K00156	Major	\$5.671	\$5.671	No, correct designee, but approved other documentation
	TIRNO16K00327	Major	\$22.250	\$22.255	No, correct designee, but approved other documentation
	TIRNO16C00060	Major	\$0.566	\$0.566	No
	TIRNO12Z000210062	Non-major	\$0.839	\$0.839	No, correct designee, but approved other documentation
	TMHQ16C0011	Major	\$0.628	\$2.308	No, correct designee, but approved other documentation
	TDOXOFR16F0023	Non-major	\$1.538	\$3.611	No, correct designee, but approved other documentation
	TIRNO11D000220015	Major	\$6.950	\$125.656	No, correct designee, but approved other documentation
Department of Transportation	DTFAWA16F00022	Not associated	\$0.591	\$0.591	No, governance process without CIO approved other documentation. OMB did not approve delegation.
	DTFAWA11D00004CALL1053	Not associated	\$0.911	\$0.911	No, governance process without CIO approved other documentation. OMB did not approve delegation.
	DTPH5616F00069	Not associated	\$0.124	\$0.258	No, incorrect designee approved other documentation. OMB did not approve delegation.
	DTFAWA16C00021	Major	\$23.000	\$23.000	No, approved by governance process without CIO. OMB did not approve delegation.

Appendix V: Details on Selected IT Acquisitions

Agency	Procurement ID	Associated investment type	Amount obligated for contract action (\$M)	Total possible contract amount (\$M)	Did CIO approve acquisition plan or strategy per OMB requirements?
	DTRT5716F50064	Not associated	\$0.027	\$0.682	No, approved by incorrect designee. OMB did not approve delegation.
	DTFH6116F00021	Non-major	\$0.201	\$0.201	No
	DTNH2216F00053	Non-major	\$0.237	\$0.237	No, incorrect designee approved other documentation. OMB did not approve delegation.
	DTFAAC16D00044CALL0001	Non-major	\$0.648	\$0.648	No, approved by governance process without CIO. OMB did not approve delegation.
	DTFACT11D00009CALL0377	Not associated	\$0.304	\$0.304	No, governance process without CIO approved other documentation. OMB did not approve delegation.
	DTFAWA04C00045CALL0006	Major	\$1.187	\$1.187	No, approved by governance process without CIO. OMB did not approve delegation
Department of Veterans Affairs	VA11816C0924	Not associated	\$5.000	\$5.000	No
	VA11816F1415	Not associated	\$1.133	\$1.133	No
	VA11816F1577	Not associated	\$0.212	\$0.212	No
	VA11816F10060006	Not associated	\$0.251	\$0.251	No
	VA11816F1095	Not associated	\$0.168	\$0.168	No
	VA11816D1027	Not associated	\$0.000	\$22,300.000	No, CIO approved other documentation
	VA11810150042	Not associated	\$14.020	\$55.847	No
	VA25016F2191	Not associated	\$0.869	\$0.869	No
	VA11816F1248	Not associated	\$0.650	\$0.888	No
	VA11816F1585	Not associated	\$2.646	\$2.646	No, approved by governance process without CIO
National Aeronautics and Space Administration	NNS16AA25T	Non-major	\$0.560	\$43.890	No, approved by incorrect designee; OMB did not approve designation
	NNX16ME22D	Non-major	\$0.236	\$0.236	No
	NNJ16JB17D	Non-major	\$0.220	\$0.220	No
	NNG16VU01C	Non-major	\$2.000	\$206.000	No, approved by incorrect designee; OMB did not approve designation

Appendix V: Details on Selected IT Acquisitions

Agency	Procurement ID	Associated investment type	Amount obligated for contract action (\$M)	Total possible contract amount (\$M)	Did CIO approve acquisition plan or strategy per OMB requirements?
Social Security Administration	NNL16AB33T	Non-major	\$0.469	\$0.847	No
	NNX16ME92D	Non-major	\$0.602	\$0.602	No
	NNJ16JA52B	Non-major	\$3.200	\$300.177	No, approved by incorrect designee; OMB did not approve designation
	NNG16LK59D	Not associated	\$0.157	\$0.157	No
	NNH16CI04D	n/a	n/a	n/a	Determined to be not applicable to FITARA as it was not IT-related
	NNH16CW00P	Not associated	\$0.425	\$0.425	No
	SS001650247	Major	\$0.233	\$0.233	Yes. Approved by correct designee
	SS001640009	Major	\$0	\$50.000	No
	SS001630168	Major	\$4.796	\$4.796	Yes. Approved by CIO
	SS001660018	Major	\$0.174	\$0.174	Yes. Approved by correct designee
	SS001630476	Major	\$6.580	\$6.880	Yes. Approved by CIO
	SS001630703	Major	\$1.245	\$2.491	Yes. Approved by correct designee
	SS001630375	Major	\$0.861	\$0.861	Yes. Approved by correct designee
	SS001630714	Major	\$0.252	\$0.252	No
	SS6103000018	Major	\$7.378	\$7.378	Yes. Approved by CIO
	SS001630195	Major	\$0.191	\$0.191	No

Source: GAO analysis of OMB guidance, USAspending.gov data, and agency documentation. | GAO-18-42

^aAgency officials stated that this contract was related to research and development and, therefore, not considered IT. The definition of IT in OMB's guidance does not make it clear whether research and development is to be included.

Appendix VI: Comments from the Department of Education



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE CHIEF INFORMATION OFFICER

THE CHIEF INFORMATION OFFICER

December 7, 2017

Mr. David Powner
Director
Information Technology
Management Issues
Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Powner:

I am writing to respond to the two recommendations for the U.S. Department of Education (Department or Education) made in the Government Accountability Office (GAO) draft report entitled "Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions, GAO-18-42." The Department appreciates the opportunity to respond to the draft report and provides the following response for your consideration.

Recommendation 6: The Secretary of Education should ensure that the office of the CAO is involved in the process to identify IT acquisitions.

Response: Education concurs with Recommendation 6.

Recommendation 7: The Secretary of Education should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance.

Response: Education does not concur with Recommendation 7 as a new recommendation in this report. On page 21 – Table 2 and on page 44 – Table 6, the designation that Education does not satisfy OMB's requirements (indicated by leaving the circle unfilled) is not accurate and should be updated to indicate that Education fully satisfies OMB's requirements (with a fully filled in circle). GAO lists the evidence for their conclusion in Table 6, on page 44, as follows:

According to the agency, Education's Office of the CIO is to review and approve IT acquisition plans or strategies. However, this is not reflected in the department's policies. Instead, the department's policy states that Education's Office of the CIO may review IT acquisition plans as a part of its acquisition review process, but this is not required. Education's component, Federal Student Aid, has its own acquisition process where the department CIO is to be only involved in IT acquisitions at or above \$10 million.

400 MARYLAND AVE. S.W., WASHINGTON, DC 20202
www.ed.gov

The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE CHIEF INFORMATION OFFICER

THE CHIEF INFORMATION OFFICER

In fact, the Department's Chief Information Officer (CIO) reviews and approves information technology (IT) acquisition strategies and plans as a part of his review and approval of IT investments. Furthermore, the Department's Administrative Communications System Departmental Directive OCIO: 3-108, "Information Technology Investment Management" policy establishes a process for Office of the Chief Information Officer (OCIO) review of IT acquisitions. Additionally, OCIO's Statement of Work Review Process adds increased rigor to the CIO's review and approval by requiring all acquisitions with IT elements to be submitted for OCIO review. Finally, the Federal Student Aid (FSA) Investment Review Board (IRB) charter, in effect since 2015, documents the agency CIO as a voting member on the FSA IRB, which approves all investments for FSA, not just IT investments. For IT investments greater than \$10 million, the CIO is required to vote, and his vote is essentially a "veto" vote. For any IT investment below \$10 million, the CIO is provided the same level of insight as any other IRB member, but has delegated the required "veto" vote to the FSA CIO. Education has documented all of this in our Office of Management and Budget (OMB)-approved Federal IT Acquisition Reform Act (FITARA) implementation plan.

Because Education implemented the OMB-approved FITARA implementation plan described above, we have already implemented in full the recommendation included as Recommendation 7 of this draft report.

Thank you again for the opportunity to respond to the draft report. If you have any questions or need additional information, please call me at (202) 245-6252.

Sincerely,


Jason K. Gray

400 MARYLAND AVE. S.W., WASHINGTON, DC 20202
www.ed.gov

The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

Appendix VII: Comments from the Department of Energy



Department of Energy
Washington, DC 20585

December 4, 2017

Mr. David A. Powner
Director, Information Technology and Management Issues
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Powner:

I am pleased to provide the Department of Energy's (DOE) response to the Government Accountability Office's (GAO) draft report, GAO-18-42, *Information Technology: Agencies Need to Involve Chief Information Officers on Reviewing Billions of Dollars in Acquisitions (Job Code 101000)*. I understand that GAO conducted this audit to determine: (1) the extent to which federal agencies identify Information Technology (IT) contracts and how much is invested in them; and whether (2) federal agency Chief Information Officers review and approve IT contracts.

As I recently testified before the House Subcommittees on Information Technology and Government Operations of the Committee on Oversight and Government Reform, the Department of Energy is committed to maintaining an effective and efficient process for the procurement of IT products and services. The Department is currently working to revise its acquisition policy in response to the Office of Management and Budget guidance on the implementation of the *Federal IT Acquisition Reform Act*. DOE agrees with GAO's recommendations, as further detailed in the enclosure to this letter.

You and your team of subject matter experts may direct any inquiries that you may have pertaining to this letter and its enclosure to my Deputy CIO, Allan K. Manuel, at (202) 586-0166 or via e-mail to allan.manuel@hq.doe.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "SM Everett", is written over a horizontal line.

Stephen (Max) Everett
Chief Information Officer

Enclosure

MANAGEMENT RESPONSE

GAO Draft Report, GAO-18-42

INFORMATION TECHNOLOGY:

Agencies Need to Involve Chief Information Officers on Reviewing Billions of Dollars in Acquisitions (Job Code 101000)

Recommendation 1: *The Secretary of Energy should direct the CAO and CIO to issue specific guidance to ensure IT related acquisitions are properly identified.*

Management Response: Concur

DOE is currently updating the Office of Management's Acquisition Guide to ensure that IT related acquisitions are properly identified.

Estimated Completion Date: December 31, 2017

Recommendation 2: *The Secretary of Energy should ensure IT acquisition plans or strategies are reviewed and approve according to OMB's guidance.*

Management Response: Concur

DOE is currently updating the Office of Management's Acquisition Guide to formalize procedures for CIO review and approval of acquisition plans, strategies, and procurement actions, as required by OMB guidance.

The updated guide will aid Site Assessment and Internal Control programs, such as the Procurement Management Review, in including specific evaluation criteria to ensure compliance with these requirements.

Estimated Completion Date: December 31, 2017

Appendix VIII: Comments from the Department of Housing and Urban Development

**Appendix VIII: Comments from the Department
of Housing and Urban Development**



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-3000

CHIEF INFORMATION OFFICER

DEC 08 2017

Mr. Kevin Walsh
Assistant Director, Information Technology
Management Issues
U.S. Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Mr. Walsh:

Thank you for the opportunity to comment on the Government Accountability Office (GAO) draft report entitled, *Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions* (GAO-18-42).

The Department of Housing and Urban Development reviewed the draft report and concurs with the recommendations for Executive Action. More definitive information with timelines will be provided once the final report has been issued.

If you have questions or require additional information, please contact Janice Ausby, Deputy Chief Information Officer, Business and IT Resource Management Office, at (202) 402-7605 (Janice.L.Ausby@hud.gov), or Juanita L. Toatley, Audit Liaison, Audit Compliance Branch, at (202) 402-3555 (Juanita.L.Toatley@hud.gov).

Sincerely,

A handwritten signature in dark ink, appearing to read "Johnson P. Joy".

Johnson P. Joy
Chief Information Officer

Appendix IX: Comments from the Department of the Interior



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

DEC 11 2017

Mr. David Powner
Director, Information Technology Management Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Powner:

Thank you for providing the Department of the Interior (Department) the opportunity to review and comment on the draft Government Accountability Office (GAO) report entitled, *Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions* (GAO-18-42). We appreciate GAO's review of federal Information Technology (IT) investments.

We advise GAO that within the Department, the Director of Office of Acquisition and Property Management is the Senior Procurement Executive and the Assistant Secretary - Policy, Management and Budget is the Chief Acquisition Officer (CAO) as used in the report.

The Department concurs with the following recommendations issued by GAO.

Recommendation 1: The Secretary of the Interior should ensure that the office of the CAO is involved in the process to identify IT acquisitions.

Recommendation 2: The Secretary of the Interior should direct the CAO and the Chief Information Officer (CIO) to finalize and issue guidance on identifying IT acquisitions in order to ensure the CIO review and approval of those acquisitions.

Recommendation 3: The Secretary of the Interior should ensure that IT acquisition plans or strategies are reviewed and approved according to the Office of Management and Budget guidance.

If you have any questions or need additional information, please contact

Sylvia Burns, Chief Information Officer at Sylvia_Burns@ios.doi.gov or Megan Olsen, Director,
Office of Acquisition and Property Management at Megan_Olsen@ios.doi.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "James E. Cason". The signature is written in a cursive, flowing style.

James E. Cason
Associate Deputy Secretary

Appendix X: Comments from the Department of Labor

Appendix X: Comments from the Department
of Labor

U.S. Department of Labor

Office of the Assistant Secretary
for Administration and Management
Washington, D.C. 20210



DEC 08 2017

Mr. David Powner
Director, Information Technology
Management Issues
Government Accountability Office
441 G Street, NW
Washington, D.C. 20548

Dear Mr. Powner:

Thank you for the opportunity to review and comment on draft report GAO-18-42 *Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions*. We appreciate the Government Accountability Office's (GAO) efforts and insights.

Recommendation 15: *The Secretary of Labor should ensure that the office of the CAO is involved in the process to identify IT acquisitions.*

DOL Response: DOL concurs with the GAO recommendation, but would like to highlight that the DOL CAO is integrally involved in the process to identify IT acquisitions at DOL. Under the CAO, the Office of the Chief Procurement Officer (OCPO) is responsible for the promulgation of local acquisition policies, procedures, and the planning and execution of procurement actions for the Department. In accordance with Federal Acquisition (FAR) and the Federal Information Technology Acquisition Reform Act (FITARA), the Department conducts market research pursuant to the extent of the circumstances and complexity of the procurement. The market research is incorporated in the Acquisition Plan through the acquisition planning process. It is important to note that the acquisition planning process coordinates and integrates the efforts of all key players responsible for the acquisition, to include the Chief Procurement Officer (CPO) and CIO.

At the identification of a bona fide IT requirement, the Office of the Chief Information Officer (OCIO) works closely with OCPO early and often. Integrated project teams (IPT) are assembled in collaboration and coordination with OCIO to acquire component agency stakeholders needs, conduct market research, develop the required Acquisition Plan, participate on the Information Technology Acquisition Review Board (ITARB) for actions exceeding the Simplified Acquisition Threshold (SAT, \$150,000) that are not on the IT Spend Plan.

Recommendation 16: *The Secretary of Labor should direct the CAO and CIO to issue specific guidance to ensure IT-related acquisitions are properly identified.*

DOL Response: DOL concurs with the GAO recommendation. As described in the response to the GAO recommendation above, DOL has implemented an annual IT Spend Plan and ITARB

process that together ensure IT related acquisitions are properly identified, reviewed, and approved prior to award. This process is multi-faceted and is supported by extensive interaction and collaboration between the OCIO and OCPO among other agency officials included in the ITARB process.

At the direction of the CAO, the office of the OCPO has issued specific guidance (available upon request) to ensure IT related acquisitions are properly identified. And it is important to note that the appropriate dissemination of IT-related guidance is vital, and taken very seriously at DOL. A key component is the dissemination and availability of IT-related training opportunities. OCPO has collaborated with OMB's US Digital Services (USDS) on training opportunities and has had acquisition personnel participate and complete the Digital Service Contracting Professional Training and Development program which focused on agile program management concepts applied to federal acquisition contracting techniques. OCPO has also engaged with agencies such as GSA to assist DOL acquisition personnel with the resources and tools needed to apply agile contracting methods to IT-related acquisitions.

In addition, the OCPO has issued the following resources and made them available to all Department personnel through the DOL Policy webpages on the LaborNet (DOL's employee website):

- Acquisition Plan Guide and Instructions
- Acquisition Plan Template
- Market Research Guide
- Market Research Template
- TechFAR Handbook (OMB)
- Digital Services Playbook (OMB)

Furthermore, OCIO has issued guidance (available upon request) to ensure IT-related acquisitions are properly identified. Annually, on behalf of all DOL Agency Heads, IT Spend Plans are required to be submitted to OCIO for review and approval. These IT Spend Plans delineate projected IT spending for the next FY, and are reviewed and approved by the CIO.

As previously mentioned, the ITARB is initiated for actions exceeding the Simplified Acquisition Threshold (SAT, \$150,000) that were not identified on the IT Spend Plan. In accordance with the FITARA requirements and category management initiative, the DOL ITARB ensures that department and agency IT acquisitions align with the Department's IT modernization efforts, ensures that agencies do not duplicate enterprise-wide IT initiatives, and ensures agencies adhere to departmental policies. The ITARB is also responsible for the approval of the expenditure of funds for IT acquisitions as well as agency IT acquisition proposals and works closely with agencies on those decisions. IT leadership at the component agency level is responsible for identifying IT-related acquisition requests within their respective program activities. The ITARB Board - for which the CIO is Chairperson and the CPO serves as a board member - is responsible for reviewing and approving all ITARB actions. IT Spend Plans are also reviewed and approved by both the CIO and CPO.

Recommendation 17: *The Secretary of Labor should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance.*

DOL Response: DOL concurs with the GAO recommendation. Under DOL's current acquisition structure, all IT acquisition plans and strategies are reviewed and approved according to OMB's FITARA implementation guidance. As previously mentioned all IT acquisitions are identified in the IT Spend Plan each Fiscal Year, additionally all acquisitions exceeding the SAT that are not on the IT Spend Plan are subjected to ITARB review and approval. When submitting a requisition (to initiate an acquisition) for an IT-related requirement, approval through IT spend Plan or ITARB is required and identified in the Acquisition Plan, more importantly, IT-related requisitions are not accepted by procurement activities without these approvals.

In addition to the above information, the Department is pursuing implementation of shared service models for departmental procurement activity and the delivery of IT services. By centralizing these services more completely within DOL, the Department will be able to further streamline the identification and oversight of IT acquisitions.

Should you have any questions regarding the Department's response, please have your staff contact Gundeep Ahluwalia, Chief Information Officer, at (202) 693-4200, or Carl V. Campbell, Chief Procurement Officer, at (202) 693-4570.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bryan Water", is written over the printed name.

Bryan Water
Assistant Secretary for
Administration and Management

Appendix XI: Comment from the Department of State



United States Department of State

Comptroller

Washington, DC 20520

DEC - 9 2017

Charles M. Johnson, Jr.
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

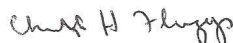
Dear Mr. Johnson:

We appreciate the opportunity to review your draft report, "INFORMATION TECHNOLOGY: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions" GAO Job Code 101000.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Paula Lee, IT Specialist, Office of Business Management and Planning, Bureau of Information Resource Management at (202) 653-9756 and Renee Bemish, Senior Advisor, Bureau of Administration at (202) 647-4461.

Sincerely,


Christopher H. Flaggs

Enclosure:

As stated

cc: GAO – David Powner
A – Harry Mahar
IRM – Frontis B. Wiggins
OIG - Norman Brown

Department of State Response to the Draft Report

**Information Technology: Agencies Need to Involve Chief Information
Officers in Reviewing Billions of Dollars in Acquisitions**
(GAO-18-42, GAO Code 101000)

The Department of State appreciates the opportunity to respond to GAO's draft report entitled "*Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions.*"

The Secretary of State should ensure that the office of the CAO is involved in the process to identify IT acquisitions. (Recommendation 18)

The Department agrees with this statement. The Senior Procurement Executive, Head of Contracting Activity, and the Chief Acquisition Officer (CAO), in coordination with the Chief Information Officer, will seek to develop a plan that ensures the responsibility of the CAO to monitor acquisition activities and ensure acquisition decisions are consistent with all applicable laws, such as FITARA.

The Secretary of State should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 19)

Response:

The Department agrees with this statement. The Department's IT Capital Planning and Investment Control (CPIC) Guide, signed by the CIO, highlights IT acquisitions strategies as part of the documentation package to be completed during the CPIC process' Select phase. It defines the acquisitions strategy as a document that "[o]utlines the strategy for procuring the solution after the requested project is added to the IT portfolio, which is approved by the CIO..." CPIC is an OMB-compliant process for managing and reporting on the health and value of IT investments (OMB A-11, A-130, Clinger-Cohen).

Appendix XII: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON DC 20420

DEC 14 2017

Mr. David Powner
Director, Information Technology
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Powner:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, ***"INFORMATION TECHNOLOGY: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions"*** (GAO-18-42).

The enclosure sets forth the actions to be taken to address the GAO draft report recommendations.

VA appreciates the opportunity to comment on your draft report.

Sincerely,

A handwritten signature in black ink, appearing to read "Gina S. Farrissee".

Gina S. Farrissee
Deputy Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***"INFORMATION TECHNOLOGY: Agencies Need to Involve Chief Information
Officers in Reviewing Billions of Dollars in Acquisitions"***
(GAO-18-42)

Recommendation 1: The Secretary of VA should ensure that the office of the CAO is involved in the process to identify IT acquisitions.

VA Comment: Concur. The Department of Veterans Affairs (VA) Office of Information and Technology (OIT) has taken actions to address the stated concern. VA's Chief Information Officer (CIO) published VA Directive 6008, Acquisition and Management of VA Information Technology Resources, dated November 2, 2017.

The Directive affirms the VA CIO's oversight authority over all information-related assets as highlighted by the Federal Information Technology Acquisition Reform Act (FITARA) and establishes policy for the development, acquisition, operations, and management of information technology (IT) assets across VA. This policy clarifies the scope of VA's IT resources subject to the oversight authority of VA's CIO. This oversight is necessary to ensure alignment of resources with enterprise IT, information management, and information assurance policies, rules, standards, and guidance. The CIO in conjunction with the VA Chief Acquisitions Officer (CAO) continues to collaborate on all IT actions to ensure FITARA compliance.

In accordance with Directive 6008, VA's CIO has established internal controls to ensure proper identification of IT Appropriation to include the following remedies:

- (1) The Chief Financial Officer (CFO) for each VA Administration and Staff Office must submit an annual certification letter to OIT's CFO that states that to the best of their knowledge, no funding outside of the IT Appropriation will be used to procure IT assets.
- (2) Administration CFOs, other designated officials, and/or program managers must immediately coordinate with OIT's CFO should they become aware of any non-conformity to this policy.
- (3) OIT is realigning the IT Governance Structure to improve accountability, transparency, and opportunities for collaboration within the Department.

As of November 2, 2017, all organizations should be executing and adhering to the guidelines specified in the Directive.

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***"INFORMATION TECHNOLOGY: Agencies Need to Involve Chief Information
Officers in Reviewing Billions of Dollars in Acquisitions"***
(GAO-18-42)

Recommendation 2: The Secretary of VA should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance.

VA Comment: Concur. OIT's Office of Strategic Sourcing is currently developing processes and procedures necessary to implement FITARA accountability and responsibilities for IT acquisitions. The CIO and the VA CAO are jointly involved in ensuring acquisition plans and acquisition strategies are reviewed by the CIO. Currently, OIT is planning to discontinue the use of the IT Acquisition Request System (ITARS) for internal acquisition reviews and transition to the Budget Tracking Tool (BTT) under the Acquisition Review Module (ARM). In ITARS, the current responsibilities of the VA CIO review is delegated to the IT Acquisition Strategy Team. The new process in BTT will include a FITARA reviewer, designated to serve as the VA CIO's delegate prior to the action proceeding to the contracting agency. The delegate will validate the acquisition strategy before submission to the contracting agency. Any acquisition with an amount of \$100,000 or greater will require FITARA review. Specific reviewers have been identified based upon approval thresholds:

APPROVAL THRESHOLDS

- VA CIO or Delegate – Greater than \$15 Million
- Deputy Assistant Secretary/Deputy CIO – Greater than \$5 Million through \$15 Million
- Executive Director – Greater than \$1 Million through \$5 Million
- Director - \$100,000 through \$1 Million

Acquisitions that meet the VA CIO's threshold will brief the Strategic Sourcing Committee for approval. This change will strengthen the VA CIO's visibility into all IT-related acquisitions and expenditures.

A delegation letter will be published to formally designate FITARA reviewer representatives. The implementation date for the utilization of the new acquisition review process, including the FITARA review structure in BTT, is scheduled for 2nd quarter, fiscal year 2018.

Appendix XIII: Comments from the Environmental Protection Agency



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

DEC 15 2017

OFFICE OF
ADMINISTRATION
AND RESOURCES
MANAGEMENT

Kevin Walsh
Assistant Director, Information Technology
Management Issues
U.S. Government Accountability Office
441 G St. NW
Washington, DC 20548

Dear Mr. Walsh:

Thank you for the opportunity to review and comment on the draft report GA0-18-42, "Information Technology Acquisitions." The U.S. Environmental Protection Agency takes no exception to the U.S. Government Accounting Office's findings, conclusions and recommendations.

In this report, GAO reviewed whether federal agency CIOs are approving IT acquisitions as required by the Federal Information Technology Acquisition Reform Act and the associated Office of Management and Budget guidance. The GAO reviewed data on IT acquisitions from FY2016 at 22 agencies and compared agency actions to legislation and OMB guidance.

GAO Recommendation

The Administrator of the EPA should ensure that the Office of the Chief Acquisition Officer is involved in the process to identify IT acquisitions.

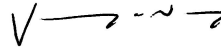
EPA Response


The OMB Memorandum M-15-14 "Management and Oversight of Federal Information Technology" states that the CAO is responsible for ensuring contract actions that contain IT are consistent with CIO-approved acquisition strategies and plans, and that the CAO "shall indicate to the CIO when planned acquisition strategies and acquisition plans include IT." The EPA has approval requirements for information technology acquisitions at the agency. The policy which implements interim guidance from the EPA CIO to comply with requirements of the FITARA is being updated and will soon be incorporated in the Environmental Protection Agency Acquisition Guide. Agency contracting officers are already actively identifying contracts that require FITARA reviews and are calling them to the CIO's or CIO representatives attention. Future policy revisions will include the requirement that the CAO or the CAO's delegated representative will review each acquisition package to determine and document in the file whether it is IT, non-IT, or non-IT that includes IT product and/or service requirement(s), and

promptly notify the CIO or CIO's representatives when IT is identified. This will be accomplished as part of the agency's acquisition strategy and planning process through the focused review of acquisition plans and statements of work. Furthermore, an after-the-fact IT determination review that assures compliance with FITARA will be incorporated in the Office of Acquisition Management's Performance Measurement and Management Program acquisition internal control and assessment procedures.

Again, thank you for the opportunity to review the report. Should you have any questions, please contact me at (202) 564-4600 or your staff can contact Celia Vaughn, Office of Acquisition Management, at 202-564-1047.

Sincerely,



 Donna J. Vizian
Principal Deputy Assistant Administrator

cc: John Showman
Celia Vaughn
Elena Larsen
Mark Howard
Lauren Lemley
Marian Cooper
Matthew Bell

Appendix XIV: Comments from the National Aeronautics and Space Administration

**Appendix XIV: Comments from the National
Aeronautics and Space Administration**



National Aeronautics and Space Administration

Headquarters
Washington, DC 20546-001

December 6, 2017

Office of Procurement

Reply to Attn of:

David A. Powner
Director
Information Technology Management Issues
United States Government Accountability Office
Washington, DC 20548

Dear Mr. Powner:

The National Aeronautics and Space Administration (NASA) appreciates the opportunity to review and comment on the Government Accountability Office (GAO) draft report entitled, "Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions" (GAO-18-42) dated November 8, 2017.

In the draft report, GAO makes three recommendations to the NASA Administrator intended to improve the Agency's information technology (IT) acquisitions. Specifically, GAO recommends the following:

Recommendation 1: Ensure that the Office of the Chief Acquisition Officer (CAO) is involved in the process to identify IT acquisitions.

Management's Response: NASA concurs with this recommendation. NASA believes that the Chief Acquisition Officer (CAO) is adequately involved in the process to identify IT acquisitions. At NASA, the CAO is designated by the NASA Administrator who has delegated the acquisition functions to the Assistant Administrator (AA) for Procurement. The AA for Procurement is also the Senior Procurement Executive and is actively engaged in identifying IT acquisition and their procurement strategies. He works closely with the Chief Information Officer (CIO) to ensure that the CIO has insight and awareness of the acquisition portfolio across the Agency.

There are various points within the acquisition cycle where the AA for Procurement and the procurement community are able to identify IT requirements, working with the CIO and CIO community. For example, NASA currently holds Acquisition Strategy Meetings (ASM). The ASM is a decision-making forum where senior Agency management, which includes the Agency CIO, the Agency Chief Financial Officer (CFO), and the AA for Procurement, review and approve program and project acquisition strategies.

Secondly, for all NASA procurements, requisition initiators are required to

complete NASA Form 1707, Special Approvals and Affirmations for Requisitions, including Information Systems and Electronic and Information Technology Accessibility. Section 1 of this form includes pertinent information regarding whether an IT System is being purchased, whether the acquisition will include items that must be compliant with Internet Protocol version 6 (IPv6), whether the acquisition includes the purchase of software or software maintenance, and whether the acquisition includes electronic and information technology (EIT) items.

Finally, the NASA Headquarters (HQ) Office of Procurement utilizes an electronic system, the Master Buy Plan Database (MBPD) for Agency planning activities on planned acquisitions of a select number of procurement actions; those greater than \$50M or a Center's top three procurement actions. The system specifically provides for procurement strategy insight and oversight on planned acquisitions. The procurement strategy associated with those actions are coordinated with the Mission Directorates (MDs) and the OCIO. In those instances when a Procurement Strategy Meeting (PSM) is conducted at HQ, the MDs and the OCIO are invited to participate.

Estimated Completion Date: N/A

Recommendation 2: Direct the CAO and Chief Information Officer (CIO) to issue specific guidance to ensure IT-related acquisitions are properly identified.

Management's Response: NASA concurs with this recommendation. NASA currently has several policies (listed below) that provide specific guidance to ensure IT-related acquisitions are properly identified:

- NP 1000.5B - Policy for NASA Acquisitions: NASA currently holds Acquisition Strategy Meetings (ASM). The ASM is a decision-making forum where senior Agency management, which includes Agency CIO, review and approves program and project acquisition strategies. The CIO has the ability to identify any IT requirements that the Program needs to address in these sessions.
- NID 1000.110 - NASA Advisory Implementing Instructions: Acquisition Strategy Meeting (ASM) Guide provides guidance to programs and projects on providing an acquisition strategy plan or approach for using NASA's authorities to obtain the systems, research, services, construction, and supplies that are needed to fulfill program and project requirements or NASA's statutory objectives. Programs and projects are directed to consider the full spectrum of available acquisition authorities when developing an acquisition strategy and provide additional guidance through NASA Procedural Requirements (NPRs) that contain the requirements for the major investment areas of space flight, research and

technology, information technology, and institutional infrastructure.

- NASA FAR Supplement (NFS) 1804.7301: For all NASA procurements, requisition initiators are required to complete NASA Form (NF) 1707, Special Approvals and Affirmations for Requisitions, including Section 1, Information Systems and Electronic and Information Technology Accessibility. This section of the form includes pertinent information regarding whether an IT System is being purchased, whether the acquisition will include items that must be compliant with Internet Protocol version 6 (IPv6), whether the acquisition includes the purchase of software or software maintenance, and whether the acquisition includes EIT items.
- NFS 1807.71 – The NASA HQ Office of Procurement utilizes an electronic system, the Master Buy Plan Database (MBPD) for Agency planning activities on planned acquisitions of a select number of procurement actions; those greater than \$50M or a Center's top three procurement actions. The system specifically provides for procurement strategy insight and oversight on planned acquisitions. The procurement strategy associated with those actions are coordinated with the MDs to include the Office of the Chief Information Officer (OCIO) and when a HQ Procurement Strategy Meeting (PSM) is conducted at HQ, the MDs and OCIO are participants.

In addition, the CIO has established a Center Functional Review (CFR) Team that includes a member from the Office of Procurement. In these sessions, the CFR Team assess the Center's compliance to CIO policies and guidance including the acquisition portfolio and the level of engagement by the Center's CIO throughout the acquisition process. The CIO, with assistance from the Office of Procurement, has identified a process that allows the Center's CIO to share their review/approval with the Agency CIO via a monthly deliverable process.

Estimated Completion Date: The CIO has already completed three CFRs and is currently scheduled to complete the fourth in February.

Recommendation 3: Ensure that IT acquisition plans or strategies are reviewed and approved according to Office of Management and Budget (OMB) guidance.

Management's Response: NASA concurs with this recommendation. On September 27, 2017, the Agency CIO issued a memo delegating the authority to review and approve all acquisitions involving IT to the Center CIOs in accordance with the Federal Information Technology Acquisition Reform Act (FITARA). Within that delegation memo, Center CIOs are required to submit a monthly report to the Agency CIO demonstrating review of IT requirements at their Center and compliance with FITARA. In addition, the Office of Procurement and the

4

CIO have jointly created a position whereby a member of the CIO's staff served on a one-year detail embedded into the Office of Procurement's environment. Upon the employee's return to the OCIO, a permanent liaison position was established between the OCIO and Office of Procurement in order to continue this strong relationship and partnership. Furthermore, monthly collaboration meetings are held between the two organizations in order to jointly work actions and maintain continuously open lines of communication. This ensures that IT procurements are being reviewed and concurred on by the Agency's CIO, and the Enterprise IT contracts are fully utilized.


Finally, as mentioned above, the Agency CIO and the AA for Procurement both attend and review acquisitions plans as part of their participation at the Acquisition Strategy Meetings.

Estimated Completion Date: N/A

Once again, thank you for the opportunity to comment on the subject draft report. If you have any questions or require additional information, please contact Andre Sheppard on (202) 358-3788.

Sincerely,


William P. McNally
Assistant Administrator for Procurement


Reece P. Wynn
Chief Information Officer

Appendix XV: Comments from the Nuclear Regulatory Commission



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

December 7, 2017

Mr. David Powner, Director
Information Technology Management Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20226

Dear Mr. Powner:

On behalf of the U.S. Nuclear Regulatory Commission (NRC), I am responding to your e-mail dated November 8, 2017, which provided the NRC an opportunity to review and comment on the U.S. Government Accountability Office (GAO) draft report GAO-18-42, "Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions."

The NRC appreciates the opportunity to review the draft report, and we appreciate the GAO staff's professionalism and interactions during this engagement. The NRC does not agree with the two recommendations directed to NRC in the draft report. We believe that the draft report does not accurately reflect the NRC process for review and approval of information technology procurements. The comments in the enclosure to this letter, provide points of clarification with respect to the NRC-related findings and recommendations.

Thank you again for the opportunity to provide comments on the GAO report. Please feel free to contact Mr. John Jolicoeur by phone at (301) 415-1642 or by e-mail at John.Jolicoeur@nrc.gov if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Victor M. McCree", with a stylized flourish at the end.

Victor M. McCree
Executive Director
for Operations

Enclosure:
NRC Comments on Draft Report
GAO-18-42

Appendix XVI: Comments from the Office of Personnel Management

Appendix XVI: Comments from the Office of
Personnel Management



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

Chief Information
Officer

DEC 07 2017

Mr. David Powner
Director, Information Technology Management Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Powner:

Thank you for providing us the opportunity to respond to the Government Accountability Office (GAO) draft report, *Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions*, GAO-18-42, GAO job code number 101000.

A response to your recommendation is provided below.

Recommendation: The Director of OPM should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance.

Management Response:

We concur. Management agrees with and intends to address the recommendation. We will review and update our policies and processes as needed so that they are aligned with OMB's guidance.

I appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact Huy Le, Acting Associate CIO for Strategy & Policy, at 202-606-1384, or via email at huy.le@opm.gov.

Sincerely,
A handwritten signature in black ink, appearing to read "D. Garcia", is written over the word "Sincerely".

David A. Garcia
Chief Information Officer
Office of Personnel Management

Appendix XVII: Comments from the Small Business Administration

**Appendix XVII: Comments from the Small
Business Administration**



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

December 11, 2017

Mr. David Powner
Director
Information Technology Management Issues
U. S. Government Accountability Office
Washington, D. C. 20548

Dear Mr. Powner:

Thank you for providing the U. S. Small Business Administration (SBA) with a copy of the Government Accountability Office (GAO) draft report titled "Information Technology: Agencies Need to Involve Chief Information Officers (CIOs) in Reviewing Billions of Dollars in Acquisitions" (GAO-18-42). The draft report analyzes the compliance of the participating agencies with OMB's FITARA implementation guidance that requires an agency's office of the Chief Acquisition Officer (CAO) to indicate to CIOs when planned acquisition strategies and acquisition plans include IT. SBA is not required to have a CAO (see footnote 31 of the draft report), but agrees with the recommendation (#36) that SBA have its acquisition workforce involved in the process of identifying IT acquisitions. SBA has already begun to implement the recommendation for FY2018 as SBA's CIO and CFO are actively involved in the process to identify IT acquisitions.

SBA looks forward to working with GAO in FY2018 to provide all documentation to prove full implementation of this recommendation.

Thank you for the opportunity to comment on this report and for taking our views into consideration.

Sincerely,

MARIA ROAT Digitally signed by MARIA ROAT
Date: 2017.12.12 08:13:13 -0500

Maria Roat
Chief Information Officer

Appendix XVIII: Comments from the Social Security Administration



December 8, 2017

Mr. David A. Powner
Director, Information Technology Management Issues
United States Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Powner:

Thank you for the opportunity to review the draft report, "INFORMATION TECHNOLOGY: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions" (GAO-18-42). Please see our enclosed comments.

If you have any questions, please contact Gary S. Hatcher, Director, Audit Liaison Staff, at (410) 965-0680.

Sincerely,

Frank Cristaudo on behalf of Stephanie Hall
Acting Deputy Chief of Staff

Enclosure

SOCIAL SECURITY ADMINISTRATION BALTIMORE, MD 21235-0001

**COMMENTS ON THE OFFICE OF THE GOVERNMENT ACCOUNTABILITY
OFFICE (GAO) DRAFT REPORT, "INFORMATION TECHNOLOGY: AGENCIES
NEED TO INVOLVE CHIEF INFORMATION OFFICERS IN REVIEWING BILLIONS
OF DOLLARS IN ACQUISITIONS" (GAO-18-42)**

Recommendation 1 for SSA (Recommendation 37 in GAO's report)

The Commissioner of SSA should ensure that the office of the Chief Acquisition Officer (CAO) is involved in the process to identify information technology (IT) acquisitions.

Response

We agree. Our Senior Procurement Executive (SPE), who also serves as the agency's Chief Financial Officer (CFO), is equivalent to a CAO. Our Federal Information Technology Acquisition Reform Act (FITARA) implementation plan includes our acquisition plan approval process. On September 29, 2017, we released our policy for acquisition plan approval, <https://www.ssa.gov/digitalstrategy/policyarchive/IT%20Acquisition%20Approval%20Policy.pdf>, which meets the Office of Management and Budget's (OMB) guidance. Our Information Technology Acquisition Approval Policy details the involvement of the CFO/SPE in identifying and approving information technology (IT) acquisitions, and details the notification of the Chief Information Officer (CIO) of those acquisitions. The CFO/SPE provides the CIO notification when sending acquisition plans to the CIO for approval.

Recommendation 2 for SSA (Recommendation 38 in GAO's report)

The Commissioner of SSA should direct the CAO and Chief Information Officer to issue specific guidance to ensure IT-related acquisitions are properly identified.

Response

We agree. On September 29, 2017, we released our policy for acquisition plan approval, and it meets the OMB's guidance. The policy details the involvement of the CFO/SPE in regard to identifying and approving IT acquisitions, and details notification of the CIO of those acquisitions. The CFO/SPE provides the CIO notification when sending acquisition plans to the CIO for approval.

Recommendation 3 for SSA (Recommendation 39 in GAO's report)

The Commissioner of SSA should ensure that IT acquisition plans or strategies are reviewed and approved according to the Office of Management and Budget's guidance.

Response

We agree. On September 29, 2017, we released our policy for acquisition plan approval, and it meets the OMB's guidance. The policy identifies the CIO's role in our IT acquisition strategy and plan. Therefore, we are fully compliant with OMB's requirements.

Appendix XIX: Comments from the U.S. Agency for International Development



DEC 07 2017

Mr. David Powner
Director, Information Technology
Management Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: INFORMATION TECHNOLOGY: Agencies Need to Involve Chief Information Officers in
Reviewing Billions of Dollars in Acquisitions (GAO-18-42)

Dear Mr. Powner:

I am pleased to provide the United States Agency for International Development's (USAID) formal response to the U. S. Government Accountability Office (GAO) draft report entitled "*INFORMATION TECHNOLOGY: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions*" (GAO-18-42).

This letter and the enclosed USAID comments are provided for incorporation as an appendix to the final report. Thank you for the opportunity to respond to the GAO draft report and for the courtesies extended by your staff while conducting this GAO engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "Angelique M. Crumbly".

Angelique M. Crumbly
Acting Assistant Administrator
Bureau for Management

Enclosure: a/s

- 2 -

**USAID COMMENTS ON GAO DRAFT REPORT
INFORMATION TECHNOLOGY: Agencies Need to Involve Chief Information Officers in
Reviewing Billions of Dollars in Acquisition (GAO-18-42)**

USAID would like to thank the GAO for sharing the report and for offering the opportunity to provide comments on the report.

This report has one recommendation for USAID as shown on page 29 of the draft report:

Recommendation: The Administrator of USAID should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance.

Response: USAID agrees with the recommendation made by the GAO. While USAID currently requires the identification and approval of planned acquisitions that contain IT (see Automated Directive System (ADS) 300, section 300.3.11.4) previously provided to the GAO), the Chief Information Officer (CIO) and the Chief Acquisition Officer (CAO) are still working together to ensure all acquisitions plans and strategies for IT be reviewed and approved by the CIO.

To address this recommendation, the USAID Administrator will ensure that the CIO and the CAO will continue to work together to:

- Further communicate this requirement to the acquisition planning stakeholders including activity managers and contracting officers;
- Educate the key stakeholders about identifying planned IT acquisitions; and
- Ensure all acquisition plans and strategies for IT are reviewed and approved by the CIO or personnel designated by the CIO.

Appendix XX: GAO Contact and Staff Acknowledgments

GAO Contact

David A. Powner, (202) 512-9286 or pownerd@gao.gov.

Staff Acknowledgments

In addition to the contact named above, Kevin Walsh (Assistant Director), Jessica Waselkow (Analyst in Charge), Chris Businsky, Rebecca Eyler, Angel Ip, Tarunkant Mithani, David Plocher, Meredith Raymond, and Adam Vodraska made key contributions to this report.

Appendix XXI Accessible Data

Data Tables

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

- Agency identified obligations for IT contracts with non-IT codes = \$14.7 billion
- GAO and agency identified obligations for IT contracts with IT codes = \$18.6 billion
- Additional GAO-identified obligations associated with IT codes = \$626 million (1,650 contracts)

Data Table for Figure 1: Agency- and GAO-Identified Approximate Dollars Obligated to Fiscal Year 2016 IT Contracts at the 22 Selected Agencies

- Agency identified obligations for IT contracts with non-IT codes = \$14.7 billion
- GAO and agency identified obligations for IT contracts with IT codes = \$18.6 billion
- Additional GAO-identified obligations associated with IT codes = \$626 million (1,650 contracts)

Data Table for Figure 2: Agency- and GAO-Identified Dollars Obligated to Fiscal Year 2016 IT Contracts by Selected Agencies in Approximate Dollars (\$M)

Agency	non-IT codes (\$M)	with IT codes (\$M)	Additional obligations	Rounded Totals
VA	220	2422	808	3,450
HHS	8	1105	1110	2,223
State		1704	17	1,720
Justice		1594		1,594
Treasury		701	839	1540
Transportation	1	706	614	1320
Commerce	13	1135	62	1,210
SSA	24	899	23	946
USDA		814	81	894
NASA		843	27	870

Agency	non-IT codes (\$M)	with IT codes (\$M)	Additional obligations	Rounded Totals
GSA	53	318	263	633
Interior	7	300	292	599
Labor	105	324	55	485
EPA	156	189	17	362
Education		261	5	266
HUD		189	52	240
Energy		216	5	221
OPM	1	91	75	167
NSF	24	17	94	136
NRC	14	115	4	132
USAID		22	83	106
SBA		79	2	81

Agency Comment Letters

Text of Appendix VI Comments from the Department of Education

Page 1

December 7, 2017

Mr. David Powner Director

Information Technology Management Issues

Government Accountability Office 441 G Street, NW

Washington, DC 20548 Dear Mr. Powner:

I am writing to respond to the two recommendations for the U.S. Department of Education

(Department of Education) made in the Government Accountability Office (GAO) draft report entitled "Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions, GAO-18-42." The Department appreciates the opportunity to

respond to the draft report and provides the following response for your consideration.

Recommendation 6: The Secretary of Education should ensure that the office of the CAO is involved in the process to identify IT acquisitions.

Response: Education concurs with Recommendation 6.

Recommendation 7: The Secretary of Education should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance.

Response:

Education does not concur with Recommendation 7 as a new recommendation in this report. On page 21 - Table 2 and on page 44 - Table 6, the designation that Education does not satisfy OMB's requirements (indicated by leaving the circle unfilled) is not accurate and should be updated to indicate that Education fully satisfies OMB's requirements (with a fully filled in circle). GAO lists the evidence for their conclusion in Table 6, on page 44, as follows:

According to the agency, Education's Office of the CIO is to review and approve IT acquisition plans or strategies. However, this is not reflected in the department's policies. Instead, the department's policy states that Education's Office of the CIO may review IT acquisition plans as a part of its acquisition review process, but this is not required. Education's component, Federal Student Aid, has its own acquisition process where the department CIO is to be only involved in IT acquisitions at or above \$10 million.

Page 2

In fact, the Department's Chief Information Officer (CIO) reviews and approves information technology (IT) acquisition strategies and plans as a part of his review and approval of IT investments. Furthermore, the Department's Administrative Communications System Departmental Directive OCIO: 3-108, "Information Technology Investment Management" policy establishes a process for Office of the Chief Information Officer (OCIO) review of IT acquisitions. Additionally, OCIO's Statement of Work Review Process adds increased rigor to the CIO's review and approval by requiring all acquisitions with IT elements to be

submitted for OCIO review. Finally, the Federal Student Aid (FSA) Investment Review Board (IRB) charter, in effect since 2015, documents the agency CIO as a voting member on the FSA IRB, which approves all investments for FSA, not just IT investments. For IT investments greater than \$10 million, the CIO is required to vote, and his vote is essentially a "veto" vote. For any IT investment below \$10 million, the CIO is provided the same level of insight as any other IRB member, but has delegated the required "veto" vote to the FSA CIO. Education has documented all of this in our Office of Management and Budget (OMB)-approved Federal IT Acquisition Reform Act (FITARA) implementation plan.

Because Education implemented the OMB-approved FITARA implementation plan described above, we have already implemented in full the recommendation included as Recommendation 7 of this draft report.

Thank you again for the opportunity to respond to the draft report. If you have any questions or need additional information, please call me at (202) 245-6252.

Sincerely,

Jason Gray

Text of Appendix VII Comments from the Department of Energy

Page 1

December 4, 2017

Mr. David A. Pawner

Director, Information Technology and Management Issues

U.S. Government Accountability Office 441 G Street, N.W.

Washington, D.C. 20548 Dear Mr. Pawner:

I am pleased to provide the Department of Energy's (DOE) response to the Government Accountability Office's (GAO) draft report, GAO-18-42, Information Technology: Agencies Need to Involve Chief Information

Officers on Reviewing Billions of Dollars in Acquisitions (Job Code IOI000). I understand that GAO conducted this audit to determine: (1) the extent to which federal agencies identify Information Technology (IT) contracts and how much is invested in them; and whether (2) federal agency Chief Information Officers review and approve IT contracts.

As I recently testified before the House Subcommittees on Information Technology and Government Operations of the Committee on Oversight and Government Reform, the Department of Energy is committed to maintaining an effective and efficient process for the procurement of IT products and services. The Department is currently working to revise its acquisition policy in response to the Office of Management and Budget guidance on the implementation of the Federal IT Acquisition Reform Act. DOE agrees with GAO's recommendations, as further detailed in the enclosure to this letter.

You and your team of subject matter experts may direct any inquiries that you may have pertaining to this letter and its enclosure to my Deputy CIO, Allan K. Manuel, at (202) 586-0166 or via e-mail to allan.manuel@hg.doe.gov.

Sincerely,

Stephen (Max) Everett Chief Information Officer

Enclosure

Page 2

MANAGEMENT RESPONSE

GAO Draft Report, GAO-18-42, INFORMATION TECHNOLOGY:

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

Recommendation 1: The Secretary of Energy should direct the CIO and CAO to issue specific guidance to ensure IT related acquisitions are properly identified.

Management Response: Concur

DOE is currently updating the Office of Management's Acquisition Guide to ensure that IT related acquisitions are properly identified.

Estimated Completion Date: December 31, 2017

Recommendation 2: The Secretary of Energy should ensure IT acquisition plans or strategies are reviewed and approved according to OMB 's guidance.

Management Response: Concur

DOE is currently updating the Office of Management's Acquisition Guide to formalize procedures for CIO review and approval of acquisition plans, strategies, and procurement actions, as required by OMB guidance.

The updated guide will aid Site Assessment and Internal Control programs, such as the Procurement Management Review, in including specific evaluation criteria to ensure compliance with these requirements.

Estimated Completion Date: December 31, 2017

Text of Appendix VIII Comments from the Department of Housing and Urban Development

Mr. Kevin Walsh

Assistant Director, Information Technology Management Issues

U.S. Government Accountability Office 441 G Street NW

Washington, DC 20548 Dear Mr. Walsh:

Thank you for the opportunity to comment on the Government Accountability Office (GAO) draft report entitled, Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions (GAO-18-42).

The Department of Housing and Urban Development reviewed the draft report and concurs with the recommendations for Executive Action. More definitive information with timelines will be provided once the final report has been issued.

If you have questions or require additional information, please contact Janice Ausby, Deputy Chief Information Officer, Business and IT Resource Management Office, at (202) 402- 7605 (Janice.L.Ausby@hud.20\), or Juanita L. Toatley, Audit Liaison, Audit Compliance Branch, at (202) 402-3555.

Johnson P Joy

Chief Information Officer

Text of Appendix IX Comments from the Department of the Interior

Page 1

Mr. David Powner

Director, Information Technology Management Issues .

U.S. Government Accountability Office 441 G Street, NW

Washington, DC 20548 Dear Mr. Powner:

Thank you for providing the Department of the Interior (Department) the opportunity to review and comment on the draft Government Accountability Office (GAO) report entitled, Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions (GAO-18-42). We appreciate GAO's review of federal Information Technology (IT) investments.

We advise GAO that within the Department, the Director of Office of Acquisition and Property Management is the Senior Procurement Executive and the Assistant Secretary - Policy, Management and Budget is the Chief Acquisition Officer (CAO) as used in the report.

The Department concurs with the following recommendations issued by GAO.

Recommendation 1: The Secretary of the Interior should ensure that the office of the CAO is involved in the process to identify IT acquisitions.

Recommendation 2: The Secretary of the Interior should direct the CAO and the Chief Information Officer (CIO) to finalize and issue guidance on identifying IT acquisitions in order to ensure the CIO review and approval of those acquisitions.

Recommendation 3: The Secretary of the Interior should ensure that IT acquisition plans or strategies are reviewed and approved according to the Office of Management and Budget guidance.

If you have any questions or need additional information, please contact

Page 2

Sylvia Burns, Chief Information Officer at Sylvia_Burns@ios.doi.gov or
Megan Olsen, Director, Office of Acquisition and Property Management at
Megan_Olsen@ios.doi.gov.

Sincerely,

James E. Carson

Text of Appendix X Comments from the Department of
Labor

Page 1

DEC o 8 2017

Mr. David Powner

Director, Information Technology Management Issues

Government Accountability Office 441 G Street, NW

Washington, D.C. 20548 Dear Mr. Powner:

Thank you for the opportunity to review and comment on draft report
GAO-18-42 Information Technology: Agencies Need to Involve Chief
Information Officers in Reviewing Billions of Dollars in Acquisitions. We

appreciate the Government Accountability Office's (GAO) efforts and insights.

Recommendation 15: The Secretary of Labor should ensure that the office of the CAO is involved in the process to identify IT acquisitions.

DOL Response: DOL concurs with the GAO recommendation, but would like to highlight that the DOL CAO is integrally involved in the process to identify IT acquisitions at DOL. Under the CAO, the Office of the Chief Procurement Officer (OCPO) is responsible for the promulgation

of local acquisition policies, procedures, and the planning and execution of procurement actions for the Department. In accordance with Federal Acquisition (FAR) and the Federal Information Technology Acquisition Reform Act (FITARA), the Department conducts market research pursuant to the extent of the circumstances and complexity of the procurement. The market research is incorporated in the Acquisition Plan through the acquisition planning process. It is important to note that the acquisition planning process coordinates and integrates the efforts of all key players responsible for the acquisition, to include the Chief Procurement Officer (CPO) and CIO.

At the identification of a bona fide IT requirement, the Office of the Chief Information Officer (OCIO) works closely with OCPO early and often. Integrated project teams (IPT) are assembled in collaboration and coordination with OCIO to acquire component agency stakeholders needs, conduct market research, develop the required Acquisition Plan, participate on the Information Technology Acquisition Review Board (ITARB) for actions exceeding the Simplified Acquisition Threshold (SAT, \$150,000) that are not on the IT Spend Plan.

Recommendation 16: The Secretary of Labor should direct the CAO and CIO to issue specific guidance to ensure IT-related acquisitions are properly identified.

DOL Response: DOL concurs with the GAO recommendation. As described in the response to the GAO recommendation above, DOL has implemented an annual IT Spend Plan and ITARB

Page 2

process that together ensure IT related acquisitions are properly identified, reviewed, and approved prior to award. This process is multi-

faceted and is supported by extensive interaction and collaboration between the OCIO and OCPO among other agency officials included in the ITARB process.

At the direction of the CAO, the office of the OCPO has issued specific guidance (available upon request) to ensure IT related acquisitions are properly identified. And it is important to note that the appropriate dissemination of IT-related guidance is vital, and taken very seriously at DOL. A key component is the dissemination and availability of IT-related training opportunities. OCPO has collaborated with OMB's US Digital Services (USDS) on training opportunities and has had acquisition personnel participate and complete the Digital Service Contracting Professional Training and Development program which focused on agile program management concepts applied to federal acquisition contracting techniques. OCPO has also engaged with agencies such as GSA to assist DOL acquisition personnel with the resources and tools needed to apply agile contracting methods to IT-related acquisitions.

In addition, the OCPO has issued the following resources and made them available to all Department personnel through the DOL Policy webpages on the LaborNet (DOL's employee website):

- Acquisition Plan Guide and Instructions
- Acquisition Plan Template
- Market Research Guide
- Market Research Template
- TechFAR Handbook (OMB)
- Digital Services Playbook (OMB)

Furthermore, OCIO has issued guidance (available upon request) to ensure IT-related acquisitions are properly identified. Actually, on behalf of all DOL Agency Heads, IT Spend Plans are required to be submitted to OCIO for review and approval. These IT Spend Plans delineate projected IT spending for the next FY, and are reviewed and approved by the CIO.

As previously mentioned, the ITARB is initiated for actions exceeding the Simplified Acquisition Threshold (SAT, \$150,000) that were not identified on the IT Spend Plan. In accordance with the FITARA requirements and category management initiative, the DOL ITARB ensures that department and agency IT acquisitions align with the Department's IT modernization efforts, ensures that agencies do not duplicate enterprise-wide IT

initiatives, and ensures agencies adhere to departmental policies. The ITARB is also responsible for the approval of the expenditure of funds for IT acquisitions as well as agency IT acquisition proposals and works closely with agencies on those decisions. IT leadership at the component agency level is responsible for identifying IT-related acquisition requests within their respective program activities. The ITARB Board - for which the CIO is Chairperson and the CPO serves as a board member - is responsible for reviewing and approving all ITARB actions. IT Spend Plans are also reviewed and approved by both the CIO and CPO.

Page 3

Recommendation 17: The Secretary of Labor should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB 's guidance.

DOL Response: DOL concurs with the GAO recommendation. Under DOL's current acquisition structure, all IT acquisition plans and strategies are reviewed and approved according to OMB's FITARA implementation guidance. As previously mentioned all IT acquisitions are identified in the IT Spend Plan each Fiscal Year, additionally all acquisitions exceeding the SAT that are not on the IT Spend Plan are subjected to ITARB review and approval. When submitting a requisition (to initiate an acquisition) for an IT-related requirement, approval through IT spend Plan or ITARB is required and identified in the Acquisition Plan, more importantly, IT-related requisitions are not accepted by procurement activities without these approvals.

In addition to the above information, the Department is pursuing implementation of shared service models for departmental procurement activity and the delivery of IT services. By centralizing these services more completely within DOL, the Department will be able to further streamline the identification and oversight of IT acquisitions.

Should you have any questions regarding the Department's response, please have your staff contact Gundeep Ahluwalia, Chief Information Officer, at (202) 693-4200, or Carl V. Campbell, Chief Procurement Officer, at (202) 693-4570.

Bryan Slater

Assistant Secretary for Administration and Management

Text of Appendix XI Comment from the Department of State

Page 1

Charles M. Johnson, Jr. Managing Director International Affairs and Trade

Government Accountability Office 441 G Street, N.W.

Washington, D.C. 20548-0001

Dear Mr. Johnson:

We appreciate the opportunity to review your draft report, "INFORMATION TECHNOLOGY: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions" GAO Job Code 101000.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Paula Lee, IT Specialist, Office of Business Management and Planning, Bureau of Information Resource Management at (202) 653-9756 and Renee Bemish, Senior Advisor, Bureau of Administration at (202) 647-4461.

Sincerely,

Christopher H. Flaggs

Enclosure:

As stated

cc: GAO - David Powner A - Harry Mahar

IRM - Frontis B. Wiggins OIG - Norman Brown

Page 2

Department of State Response to the Draft Report

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

(GAO-18-42, GAO Code 101000)

The Department of State appreciates the opportunity to respond to GAO's draft report entitled "Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions."

The Secretary of State should ensure that the office of the CAO is involved in the process to identify IT acquisitions. (Recommendation 18)

The Department agrees with this statement. The Senior Procurement Executive, Head of Contracting Activity, and the Chief Acquisition Officer (CAO), in coordination with the Chief Information Officer, will seek to develop a plan that ensures the responsibility of the CAO to monitor acquisition activities and ensure acquisition decisions are consistent with all applicable laws, such as FITARA.

The Secretary of State should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance. (Recommendation 19)

Response:

The Department agrees with this statement. The Department's IT Capital Planning and Investment Control (CPIC) Guide, signed by the CIO, highlights IT acquisitions strategies as part of the documentation package to be completed during the CPIC process' Select phase. It defines the acquisitions strategy as a document that "[o]utlines the strategy for procuring the solution after the requested project is added to the IT portfolio, which is approved by the CIO..." CPIC is an OMB-compliant process for managing and reporting on the health and value of IT investments (OMB A-11, A-130, Clinger-Cohen).

Text of Appendix XII Comments from the Department of Veterans Affairs

Page 1

Mr. David Pawner

Director, Information Technology

U.S. Government Accountability Office 441 G Street, NW

Washington, DC 20548

Dear Mr. Powner:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, "INFORMATION TECHNOLOGY: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions" (GAO-18-42).

The enclosure sets forth the actions to be taken to address the GAO draft report recommendations.

VA appreciates the opportunity to comment on your draft report.

Sincerely,

Gina S. Farrisee Deputy Chief of Staff

Enclosure

Page 2

Department of Veterans Affairs 01A) Comments to Government Accountability Office (GAO) Draft Report

"INFORMATION TECHNOLOGY: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions"

(GAO-18-42)

Recommendation 1: The Secretary of VA should ensure that the office of the CAO is involved in the process to identify IT acquisitions.

VA Comment: Concur.

The Department of Veterans Affairs (VA) Office of Information and Technology (OIT) has taken actions to address the stated concern. VA's Chief Information Officer (CIO) published VA Directive 6008, Acquisition

and Management of VA Information Technology Resources, dated November 2, 2017.

The Directive affirms the VA CIO's oversight authority over all information-related assets as highlighted by the Federal Information Technology Acquisition Reform Act (FITARA) and establishes policy for the development, acquisition, operations, and management of information technology (IT) assets across VA. This policy clarifies the scope of VA's IT resources subject to the oversight authority of VA's CIO. This oversight is necessary to ensure alignment of resources with enterprise IT, information management, and information assurance policies, rules, standards, and guidance. The CIO in conjunction with the VA Chief Acquisitions Officer (CAO) continues to collaborate on all IT actions to ensure FITARA compliance.

In accordance with Directive 6008, VA's CIO has established internal controls to ensure proper identification of IT Appropriation to include the following remedies:

1. The Chief Financial Officer (CFO) for each VA Administration and Staff Office must submit an annual certification letter to OIT's CFO that states that to the best of their knowledge, no funding outside of the IT Appropriation will be used to procure IT assets.
2. Administration CFOs, other designated officials, and/or program managers must immediately coordinate with OIT's CFO should they become aware of any non-conformity to this policy.
3. OIT is realigning the IT Governance Structure to improve accountability, transparency, and opportunities for collaboration within the Department.

As of November 2, 2017, all organizations should be executing and adhering to the guidelines specified in the Directive.

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Recommendation 2: The Secretary of VA should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance.

VA Comment: Concur.

OIT's Office of Strategic Sourcing is currently developing processes and procedures necessary to implement FITARA accountability and

responsibilities for IT acquisitions. The CIO and the VA CAO are jointly involved in ensuring acquisition plans and acquisition strategies are reviewed by the CIO. Currently, OIT is planning to discontinue the use of the IT Acquisition Request System (ITARS) for internal acquisition reviews and transition to the Budget Tracking Tool (BTT) under the Acquisition Review Module (ARM). In ITARS, the current responsibilities of the VACIO review is delegated to the IT Acquisition Strategy Team. The new process in BTT will include a FITARA reviewer, designated to serve as the VA CIO's delegate prior to the action proceeding to the contracting agency. The delegate will validate the acquisition strategy before submission to the contracting agency. Any acquisition with an amount of \$100,000 or greater will require FITARA review. Specific reviewers have been identified based upon approval thresholds:

APPROVAL THRESHOLDS

- VACIO or Delegate - Greater than \$15 Million
- Deputy Assistant Secretary/Deputy CIO - Greater than \$5 Million through \$15 Million
- Executive Director - Greater than \$1 Million through \$5 Million
- Director - \$100,000 through \$1 Million

Acquisitions that meet the VA CIO's threshold will brief the Strategic Sourcing Committee for approval. This change will strengthen the VA CIO's visibility into all IT-related acquisitions and expenditures.

A delegation letter will be published to formally designate FITARA reviewer representatives. The implementation date for the utilization of the new acquisition

review process, including the FITARA review structure in BTT, is scheduled for 2nd quarter, fiscal year 2018.

Text of Appendix XIII Comments from the Environmental Protection Agency

Page 1

Kevin Walsh

Assistant Director, Information Technology Management Issues

U.S. Government Accountability Office 441 G St. NW

Washington, DC 20548 Dear Mr. Walsh:

Thank you for the opportunity to review and comment on the draft report GAO-18-42, "Information Technology Acquisitions." The U.S. Environmental Protection Agency takes no exception to the U.S. Government Accounting Office's findings, conclusions and recommendations.

In this report, GAO reviewed whether federal agency CIOs are approving IT acquisitions as required by the Federal Information Technology Acquisition Reform Act and the associated Office of Management and Budget guidance. The GAO reviewed data on IT acquisitions from FY2016 at 22 agencies and compared agency actions to legislation and OMB guidance.

GAO Recommendation

The Administrator of the EPA should ensure that the Office of the Chief Acquisition Officer is involved in the process to identify IT acquisitions.

EPA Response

The OMB Memorandum M-15-14 "Management and Oversight of Federal Information Technology" states that the CAO is responsible for ensuring contract actions that contain IT are consistent with CIO-approved acquisition strategies and plans, and that the CAO "shall indicate to the CIO when planned acquisition strategies and acquisition plans include IT." The EPA has approval requirements for information technology acquisitions at the agency. The policy which implements interim guidance from the EPA CIO to comply with requirements of the FITARA is being updated and will soon be incorporated in the Environmental Protection Agency Acquisition Guide. Agency contracting officers are already actively identifying contracts that require FITARA reviews and are calling them to the CIO's or CIO representatives attention.

Future policy revisions will include the requirement that the CAO or the CAO's delegated representative will review each acquisition package to determine and document in the file whether it is IT, non-IT, or non-IT that includes IT product and/or service requirement(s), and

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promptly notify the CIO or CIO's representatives when IT is identified. This will be accomplished as part of the agency's acquisition strategy and planning process through the focused review of acquisition plans and statements of work. Furthermore, an after-the-fact IT determination review that assures compliance with FITARA will be incorporated in the Office of Acquisition Management's Performance Measurement and Management Program acquisition internal control and assessment procedures.

Again, thank you for the opportunity to review the report. Should you have any questions, please contact me at (202) 564-4600 or your staff can contact Celia Vaughn, Office of Acquisition Management, at 202-564-1047.

Sincerely,

Donna J. Vizian

Principal Deputy Assistant Administrator

cc: John Showman Celia Vaughn Elena Larsen Mark Howard Lauren Lemley Marian Cooper Matthew Bell

Text of Appendix XIV Comments from the National Aeronautics and Space Administration

Page 1

December 6, 2017

Information Technology Management Issues United States Government Accountability Office Washington, DC 20548

Dear Mr. Powner:

The National Aeronautics and Space Administration (NASA) appreciates the opportunity to review and comment on the Government Accountability Office (GAO) draft report entitled, "Information Technology: Agencies

Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions" (P, AO-18-42) dated November 8, 2017.

In the draft report, GAO makes three recommendations to the NASA Administrator intended to improve the Agency's information technology (IT) acquisitions. Specifically, GAO recommends the following:

Recommendation 1: Ensure that the Office of the Chief Acquisition Officer (CAO) is involved in the process to identify IT acquisitions.

Management's Response:

NASA concurs with this recommendation. NASA believes that the Chief Acquisition Officer (CAO) is adequately involved in the process to identify IT acquisitions. At NASA, the CAO is designated by the NASA Administrator who has delegated the acquisition functions to the Assistant Administrator (AA) for Procurement. The AA for Procurement is also the Senior Procurement Executive and is actively engaged in identifying IT acquisition and their procurement strategies. He works closely with the Chief Information Officer (CIO) to ensure that the CIO has insight and awareness of the acquisition portfolio across the Agency.

There are various points within the acquisition cycle where the AA for Procurement and the procurement community are able to identify IT requirements, working with the CIO and CIO community. For example, NASA currently holds Acquisition Strategy Meetings (ASM). The ASM is a decision-making forum where senior Agency management, which includes the Agency CIO, the Agency Chief Financial Officer (CFO), and the AA for Procurement, review and approve program and project acquisition strategies.

Secondly, for all NASA procurements, requisition initiators are required to

Page 2

complete NASA Form 1707, Special Approvals and Affirmations for Requisitions, including Information Systems and Electronic and Information Technology Accessibility. Section 1 of this form includes pertinent information regarding whether an IT System is being purchased, whether the acquisition will include items that must be compliant with Internet Protocol version 6 (IPv6), whether the acquisition includes the purchase of software or software maintenance, and whether the acquisition includes electronic and information technology (EIT) items.

Finally, the NASA Headquarters (HQ) Office of Procurement utilizes an electronic system, the Master Buy Plan Database (MBPD) for Agency planning activities on planned acquisitions of a select number of procurement actions; those greater than \$SOM or a Center's top three procurement actions. The system specifically provides for procurement strategy insight and oversight on planned acquisitions. The procurement strategy associated with those actions are coordinated with the Mission Directorates (MDs) and the OCIO. In those instances when a Procurement Strategy Meeting (PSM) is conducted at HQ, the MDs and the OCIO are invited to participate.

Estimated Completion Date: N/A

Recommendation 2: Direct the CAO and Chief Information Officer (CIO) to issue specific guidance to ensure IT-related acquisitions are properly identified.

Management's Response:

NASA concurs with this recommendation. NASA currently has several policies (listed below) that provide specific guidance to ensure IT-related acquisitions are properly identified:

- NPD 1000.5B - Policy for NASA Acquisitions: NASA currently holds Acquisition Strategy Meetings (ASM). The ASM is a decision-making forum where senior Agency management, which includes Agency CIO, review and approves program and project acquisition strategies. The CIO has the ability to identify any IT requirements that the Program needs to address in these sessions.
- NID 1000.110 - NASA Advisory Implementing Instructions: Acquisition Strategy Meeting (ASM) Guide provides guidance to programs and projects on providing an acquisition strategy plan or approach for using NASA's authorities to obtain the systems, research, services, construction, and supplies that are needed to fulfill program and project requirements or NASA's statutory objectives. Programs and projects are directed to consider the full spectrum of available acquisition authorities when developing an acquisition strategy and provide additional guidance through NASA Procedural Requirements (NPRs) that contain the requirements for the major investment areas of space flight, research and

Page 3

technology, information technology, and institutional infrastructure.

- NASA FAR Supplement (NFS) 1804.7301: For all NASA procurements, requisition initiators are required to complete NASA Form (NF) 1707, Special Approvals and Affirmations for Requisitions, including Section 1, Information Systems and Electronic and Information Technology Accessibility. This section of the form includes pertinent information regarding whether an IT System is being purchased, whether the acquisition will include items that must be compliant with Internet Protocol version 6 (IPv6), whether the acquisition includes the purchase of software or software maintenance, and whether the acquisition includes EIT items.
- NFS 1807.71-The NASA HQ Office of Procurement utilizes an electronic system, the Master Buy Plan Database (MBPD) for Agency planning activities on planned acquisitions of a select number of procurement actions; those greater than \$SOM or a Center's top three procurement actions. The system specifically provides for procurement strategy insight and oversight on planned acquisitions. The procurement strategy associated with those actions are coordinated with the MDs to include the Office of the Chief Information Officer (OCIO) and when a HQ Procurement Strategy Meeting (PSM) is conducted at HQ, the MDs and OCIO are participants.

In addition, the CIO has established a Center Functional Review (CFR) Team that includes a member from the Office of Procurement. In these sessions, the CFR Team assess the Center's compliance to CIO policies and guidance including the acquisition portfolio and the level of engagement by the Center's CIO throughout the acquisition process. The CIO, with assistance from the Office of Procurement, has identified a process that allows the Center's CIO to share their review/approval with the Agency CIO via a monthly deliverable process.

Estimated Completion Date: The CIO has already completed three CFRs and is currently scheduled to complete the fourth in February.

Recommendation 3: Ensure that IT acquisition plans or strategies are reviewed and approved according to Office of Management and Budget (OMB) guidance.

Management's Response:

NASA concurs with this recommendation. On September 27, 2017, the Agency CIO issued a memo delegating the authority to review and approve all acquisitions involving IT to the Center CIOs in accordance with the Federal Information Technology Acquisition Reform Act (FITARA).

Within that delegation memo, Center CIOs are required to submit a monthly report to the Agency CIO demonstrating review of IT requirements at their Center and compliance with FITARA. In addition, the Office of Procurement and the

Page 4

CIO have jointly created a position whereby a member of the CIO's staff served on a one-year detail embedded into the Office of Procurement's environment.

Upon the employee's return to the OCIO, a permanent liaison position was established between the OCIO and Office of Procurement in order to continue this strong relationship and partnership. Furthermore, monthly collaboration meetings are held between the two organizations in order to jointly work actions and maintain continuously open lines of communication. This ensures that IT procurements are being reviewed and concurred on by the Agency's CIO, and the Enterprise IT contracts are fully utilized.

Finally, as mentioned above, the Agency CIO and the AA for Procurement both attend and review acquisitions plans as part of their participation at the Acquisition Strategy Meetings.

Estimated Completion Date: NIA

Once again, thank you for the opportunity to comment on the subject draft report. If you have any questions or require additional information, please contact Andre Sheppard on (202) 358-3788.

William P. McNally

Assistant administrator for procurement

Renee P. Wynn

Chief Information Officer

Text of Appendix XV Comments from the Nuclear Regulatory Commission

December 7, 2017

Mr. David Pawner, Director

Information Technology Management Issues

U.S. Government Accountability Office 441 G Street, NW

Washington, DC 20226 Dear Mr. Pawner:

On behalf of the U.S. Nuclear Regulatory Commission (NRC), I am responding to your e-mail dated November 8, 2017, which provided the NRC an opportunity to review and comment on the U.S. Government Accountability Office (GAO) draft report GAO-18-42, "Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions."

The NRC appreciates the opportunity to review the draft report, and we appreciate the GAO staff's professionalism and interactions during this engagement. The NRC does not agree with the two recommendations directed to NRC in the draft report. We believe that the draft report does not accurately reflect the NRC process for review and approval of information technology procurements. The comments in the enclosure to this letter, provide points of clarification with respect to the NRC-related findings and recommendations.

Thank you again for the opportunity to provide comments on the GAO report. Please feel free to contact Mr. John Jolicoeur by phone at (301) 415-1642 or by e-mail at John.Jolicoeur@nrc.gov if you have any questions or need additional information.

Victor M. McCree

Executive Director for Operations

Enclosure:

NRC Comments on Draft Report GAO-18-42

Text of Appendix XVI Comments from the Office of Personnel Management

Mr. David Powner

Director, Information Technology Management Issues

U.S. Government Accountability Office 441 G Street, NW

Washington, DC 20548 Dear Mr. Powner:

Thank you for providing us the opportunity to respond to the Government Accountability Office (GAO) draft report, Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions, GAO-18-42, GAO job code number 101000.

A response to your recommendation is provided below.

Recommendation: The Director of OPM should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance.

Management Response:

We concur. Management agrees with and intends to address the recommendation. We will review and update our policies and processes as needed so that they are aligned with OMB's guidance.

I appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact Huy Le, Acting Associate CIO for Strategy & Policy, at 202-606-1384, or via email at huy.le@opm.gov.

David A. Garcia

Chief Information Officer

Office of Personnel Management

Text of Appendix XVII Comments from the Small Business Administration

December 11, 2017

Mr. David Powner Director

Information Technology Management Issues

U. S. Government Accountability Office Washington, D. C. 20548

Dear Mr. Powner:

Thank you for providing the U. S. Small Business Administration (SBA) with a copy of the Government Accountability Office (GAO) draft report titled "Information Technology: Agencies Need to Involve Chief Information Officers (CIOs) in Reviewing Billions of Dollars in Acquisitions" (GAO-18-42). The draft report analyzes the compliance of the participating agencies with OMB's FITARA implementation guidance that requires an agency's office of the Chief Acquisition Officer (CAO) to indicate to CIOs when planned acquisition strategies and acquisition plans include IT. SBA is not required to have a CAO (see footnote 31 of the draft report), but agrees with the recommendation (#36) that SBA have its acquisition workforce involved in the process of identifying IT acquisitions. SBA has already begun to implement the recommendation for FY2018 as SBA's CIO and CFO are actively involved in the process to identify IT acquisitions.

SBA looks forward to working with GAO in FY2018 to provide all documentation to prove full implementation of this recommendation.

Thank you for the opportunity to comment on this report and for taking our views into consideration.

Sincerely,

Maria Roat

Chief Information Officer

Text of Appendix XVIII Comments from the Social Security Administration

Page 1

December 8, 2017

Mr. David A. Powner

Director, Information Technology Management Issues United States
Government Accountability Office

441 G Street, NW Washington, DC 20548

Dear Mr. Powner:

Thank you for the opportunity to review the draft report, "INFORMATION TECHNOLOGY: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions" (GAO-18-42). Please see our enclosed comments.

If you have any questions, please contact Gary S. Hatcher, Director, Audit Liaison Staff, at (410) 965-0680.

Sincerely,

Frank Cristaudo on behalf of Stephanie Hall Acting Deputy Chief of Staff

Enclosure

Page 2

COMMENTS ON THE OFFICE OF THE GOVERNMENT
ACCOUNTABILITY OFFICE (GAO) DRAFT REPORT, "INFORMATION
TECHONOLOGY: AGENCIES NEED TO INVOLVE CHIEF
INFORMATION OFFICERS IN REVIEWING BILLIONS OF DOLLARS IN
ACQUISITIONS" (GAO-18-42)

Recommendation 1 for SSA (Recommendation 37 in GAO's report)

The Commissioner of SSA should ensure that the office of the Chief Acquisition Officer (CAO) is involved in the process to identify information technology (IT) acquisitions.

Response

We agree. Our Senior Procurement Executive (SPE), who also serves as the agency's Chief Financial Officer (CFO), is equivalent to a CAO. Our Federal Information Technology Acquisition Reform Act (FITARA) implementation plan includes our acquisition plan approval process. On September 29, 2017, we released our policy for acquisition plan approval, <https://www.ssa.gov/digitalstrategy/policyarchive/IT%20Acquisition%20Approval%20Policy.pdf>, which meets the Office of Management and Budget's (OMB) guidance. Our Information Technology Acquisition Approval Policy details the involvement of the CFO/SPE in identifying and approving information technology (IT) acquisitions, and details the notification of the Chief Information Officer (CIO) of those acquisitions. The CFO/SPE provides the CIO notification when sending acquisition plans to the CIO for approval.

Recommendation 2 for SSA (Recommendation 38 in GAO's report)

The Commissioner of SSA should direct the CAO and Chief Information Officer to issue specific guidance to ensure IT-related acquisitions are properly identified.

Response

We agree. On September 29, 2017, we released our policy for acquisition plan approval, and it meets the OMB's guidance. The policy details the involvement of the CFO/SPE in regard to identifying and approving IT acquisitions, and details notification of the CIO of those acquisitions. The CFO/SPE provides the CIO notification when sending acquisition plans to the CIO for approval.

Recommendation 3 for SSA (Recommendation 39 in GAO's report)

The Commissioner of SSA should ensure that IT acquisition plans or strategies are reviewed and approved according to the Office of Management and Budget's guidance.

Response

We agree. On September 29, 2017, we released our policy for acquisition plan approval, and it meets the OMB's guidance. The policy identifies the CIO's role in our IT acquisition strategy and plan. Therefore, we are fully compliant with OMB's requirements.

Text of Appendix XIX Comments from the U.S. Agency for International Development

Page 1

Mr. David Powner DEC 07 2017

Director, Information Technology Management Issues

U.S. Government Accountability Office 441 G Street, NW

Washington, DC 20548

Re: INFORMATION TECHNOLOGY: Agencies Need to Involve Chief Information Officers in

Reviewing Billions of Dollars in Acquisitions (GAO-18-42)

Dear Mr. Powner:

I am pleased to provide the United States Agency for International Development's (USAID) formal response to the U. S. Government Accountability Office (GAO) draft report entitled "INFORMATION TECHNOLOGY: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions" (GAO-18-42).

This letter and the enclosed USAID comments are provided for incorporation as an appendix to the final report. Thank you for the opportunity to respond to the GAO draft report and for the courtesies extended by your staff while conducting this GAO engagement.

Angelique M. Crumbly

Acting Assistant Administrator

Bureau for Management

Enclosure: a/s

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USAID COMMENTS ON GAO DRAFT REPORT

INFORMATION TECHNOLOGY: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisition (GAO-18-42)

USAID would like to thank the GAO for sharing the report and for offering the opportunity to provide comments on the report.

This report has one recommendation for USAID as shown on page 29 of the draft report:

Recommendation: The Administrator of USAID should ensure that IT acquisition plans or strategies are reviewed and approved according to OMB's guidance.

Response:

USAID agrees with the recommendation made by the GAO. While USAID currently requires the identification and approval of planned acquisitions that contain IT (see Automated Directive System (ADS) 300, section 300.3.11.4) previously provided to the GAO), the Chief Information Officer (CIO) and the Chief Acquisition Officer (CAO) are still working together to ensure all acquisitions plans and strategies for IT be reviewed and approved by the CIO.

To address this recommendation, the USAID Administrator will ensure that the CIO and the CAO will continue to work together to:

- Further communicate this requirement to the acquisition planning stakeholders including activity managers and contracting officers;
- Educate the key stakeholders about identifying planned IT acquisitions; and
- Ensure all acquisition plans and strategies for IT are reviewed and approved by the CIO or personnel designated by the CIO.

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