



Highlights of [GAO-03-507](#), a report to the Committee on Commerce, Science, and Transportation, U.S. Senate, and the Committee on Science, House of Representatives

## Why GAO Did This Study

The National Aeronautics and Space Administration's (NASA) nonintegrated financial management systems have weakened its ability to oversee its contractors, and its contract management has been on GAO's high-risk list since 1990. In April 2000, NASA began its Integrated Financial Management Program (IFMP), its third attempt in recent years at modernizing financial management processes and systems. GAO was asked to review whether NASA was following key best practices in acquiring IFMP components and implementing one of the first components—the core financial module.

## What GAO Recommends

GAO is recommending that NASA develop and implement (1) a short-term plan to identify and mitigate the risks currently associated with relying on already deployed IFMP commercial components and (2) a longer term strategy for acquiring additional IFMP components that includes implementing a methodology for commercial system component dependency analysis. NASA agreed with GAO's recommendation related to a short-term plan but disagreed with many of the findings related to user needs and requirements management. NASA also agreed with the importance of having an approach for acquiring additional IFMP components, but stated that it already has an effective strategy in place. GAO reaffirms its recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-03-507](http://www.gao.gov/cgi-bin/getrpt?GAO-03-507).

To view the full report, including the scope and methodology, click on the link above. For more information, contact Gregory D. Kutz at (202) 512-9095 or [kutzg@gao.gov](mailto:kutzg@gao.gov).

# BUSINESS MODERNIZATION

## Improvements Needed in Management of NASA's Integrated Financial Management Program

### What GAO Found

The core financial module, if implemented as planned, may provide some improvement to NASA's accounting system environment. However, NASA is not following key best practices for acquiring and implementing IFMP. In acquiring IFMP components, NASA is facing risks in understanding dependencies among commercial components. NASA has not analyzed the interdependencies among selected and proposed IFMP components, and it does not have a methodology for doing so. For programs like IFMP, which involve building a system from commercial components, it is essential to understand the characteristics and credentials of each component to select ones that are compatible and can be integrated without having to build and maintain expensive interfaces. By acquiring IFMP components without first understanding system component relationships, NASA has increased its risks of implementing a system that will not optimize mission performance and will cost more and take longer to implement than necessary.

In implementing the core financial module, NASA is facing risks in two additional areas:

- **User needs.** NASA did not consider the information needs of key system users and deferred addressing the requirements of program managers, cost estimators, and the Congress. Although this module should eliminate NASA's separate, incompatible accounting systems, little has been done to reengineer acquisition management processes. Program managers and cost estimators indicated that they will continue to rely on other means to capture the data needed to manage programs such as the International Space Station.
- **Requirements management.** NASA is relying on a requirements management process that does not require documentation of detailed system requirements prior to system implementation and testing. Over 80 percent of the requirements GAO reviewed lacked specificity, and several could not be traced among various documents. These defects also significantly impaired the testing phase of the system implementation effort. Further, NASA has not implemented metrics to help gauge the effectiveness of its requirements management process. NASA's approach will likely result in increasing amounts of time spent on costly rework and reduced progress.

Unless these issues are successfully addressed, NASA is at increased risk of having IFMP become its third unsuccessful attempt to transform its financial management and business operations.