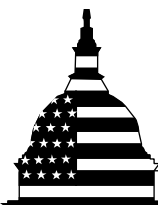**GAO**

April 2013

DATA CENTER CONSOLIDATION

Strengthened Oversight Needed to Achieve Cost Savings Goal

GAO

Accountability ★ Integrity ★ Reliability

DATA CENTER CONSOLIDATION

Strengthened Oversight Needed to Achieve Cost Savings Goal

Why GAO Did This Study

In 2010, as focal point for information technology management across the government, OMB's Federal Chief Information Officer launched the Federal Data Center Consolidation Initiative—an effort to consolidate the growing number of federal data centers. In July 2011 and July 2012, GAO evaluated 24 agencies' progress and reported that nearly all of the agencies had not completed a data center inventory or consolidation plan and recommended that they do so.

As requested, GAO reviewed federal agencies' continuing efforts to consolidate their data centers. This report (1) evaluates agencies' reported progress against OMB's planned consolidation and cost savings goals and (2) assesses the extent to which the oversight organizations put in place by OMB for the Federal Data Center Consolidation Initiative are adequately performing oversight of agencies' efforts to meet these goals. GAO assessed agencies' progress against OMB's goals, analyzed the execution of oversight roles and responsibilities, and interviewed OMB, GSA, and Data Center Consolidation Task Force officials about their efforts to oversee agencies' consolidation efforts.

What GAO Recommends

GAO is recommending that OMB's Federal Chief Information Officer track and report on key performance measures, extend the time frame for achieving planned cost savings, and improve the execution of important oversight responsibilities. OMB agreed with two of GAO's recommendations and plans to evaluate the remaining recommendation related to extending the time frame.

What GAO Found

The 24 agencies participating in the Federal Data Center Consolidation Initiative made progress towards the Office of Management and Budget's (OMB) goal to close 40 percent, or 1,253 of the 3,133 total federal data centers, by the end of 2015, but OMB has not measured agencies' progress against its other goal of $3 billion in cost savings by the end of 2015. Agencies closed 420 data centers by the end of December 2012, and have plans to close an additional 548 to reach 968 by December 2015—285 closures short of OMB's goal. OMB has not determined agencies' progress against its cost savings goal because, according to OMB staff, the agency has not determined a consistent and repeatable method for tracking cost savings. This lack of information makes it uncertain whether the $3 billion in savings is achievable by the end of 2015. Until OMB begins tracking and reporting on performance measures such as cost savings, it will be limited in its ability to oversee agencies' progress against key initiative goals. Additionally, extending the horizon for realizing planned cost savings could provide OMB and data center consolidation stakeholders with input and information on the benefits of consolidation beyond OMB's initial goal.

Pursuant to OMB direction, three organizations—the Data Center Consolidation Task Force, the General Services Administration (GSA) Program Management Office, and OMB—are responsible for federal data center consolidation oversight activities; while most activities are being performed, several weaknesses exist. Specifically,

- While the Data Center Consolidation Task Force has established several initiatives to assist agencies in their consolidation efforts, such as holding monthly meetings to facilitate communication among agencies, it has not adequately overseen its peer review process for improving the quality of agencies' consolidation plans. For example, the Task Force did not provide agencies with guidance for conducting peer reviews and did not provide oversight to ensure that all agencies exchanged plans.
- The GSA Program Management Office has collected agencies' quarterly data center closure updates and made the information publically available on an electronic dashboard for tracking consolidation progress, but it has not fully performed other oversight activities, such as conducting analyses of agencies' inventories and plans.
- OMB has implemented several initiatives to track agencies' consolidation progress, such as establishing requirements for agencies to update their plans and inventories yearly and to report quarterly on their consolidation progress. However, the agency has not approved the plans on the basis of their completeness or reported on progress against its goal of $3 billion in cost savings.

The weaknesses in oversight of the data center consolidation initiative are due, in part, to OMB not ensuring that assigned responsibilities are being executed. Improved oversight could better position OMB to assess progress against its cost savings goal and minimize agencies' risk of not realizing anticipated cost savings.

_____ **United States Government Accountability Office**

Contents

Abbreviations

CIO	chief information officer
FDCCI	Federal Data Center Consolidation Initiative
GSA	General Services Administration
IT	information technology
OMB	Office of Management and Budget
Task Force	Data Center Consolidation Task Force

April 23, 2013

Congressional Requesters

The federal government's demand for information technology (IT) is ever increasing. In recent years, as federal agencies have modernized their operations, put more of their services online, and increased their information security profiles, their need for computing power and data storage resources has increased. Over time, this increasing demand led to a dramatic rise in the number of federal data centers and a corresponding increase in operational costs. In response, the Office of Management and Budget's (OMB) Federal Chief Information Officer (CIO) launched the Federal Data Center Consolidation Initiative (FDCCI) in 2010.

In July 2011 and July 2012, we reported[1] on the progress the 24 participating federal departments and agencies[2] were making on this initiative, noting that, while progress has been made, as of July 2012 nearly all of the agencies had not yet completed a data center inventory or the consolidation plans needed to implement their consolidation initiatives. As a result, we recommended that OMB require agencies to complete their missing inventory and plan elements. While OMB did not specifically comment on our recommendation, the agency took some actions to address these deficiencies, which are discussed later in this report.

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[1]GAO, *Data Center Consolidation: Agencies Making Progress on Efforts, but Inventories and Plans Need to Be Completed*, GAO-12-742 (Washington, D.C.: July 19, 2012) and *Data Center Consolidation: Agencies Need to Complete Inventories and Plans to Achieve Expected Savings*, GAO-11-565 (Washington, D.C.: July 19, 2011).

[2]The 24 major departments and agencies that participate in the Federal Data Center Consolidation Initiative are the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, the Interior, Justice, Labor, State, Transportation, the Treasury, 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.

GAO-13-378 Data Center Consolidation

Given the importance of the consolidation initiative, this report responds to your request that we review federal agencies' continuing efforts to consolidate their data centers. Specifically, our objectives were to (1) evaluate agencies' reported progress against OMB's planned consolidation and cost savings goals and (2) assess the extent to which the oversight organizations put in place by OMB for FDCCI are adequately performing oversight of agencies' efforts to meet these goals.

To address our first objective, we compared the 24 agencies' data center facility consolidations as they reported them on the website, http://data.gov, to OMB's planned consolidation goals. We also interviewed OMB staff from the Office of E-Government and Information Technology about their efforts to monitor agencies' reported consolidation progress and to track consolidation cost savings. To address our second objective, we analyzed FDCCI-related documentation, such as OMB memoranda and project charters, to determine the roles and responsibilities of key FDCCI oversight organizations, including the General Services Administration's (GSA) FDCCI Program Management Office and the Data Center Consolidation Task Force (Task Force). To determine the extent to which oversight roles and responsibilities were being executed, we analyzed supporting documentation provided by these organizations regarding their efforts to oversee agencies' data center consolidation efforts. We also interviewed OMB, GSA, and Task Force officials about their efforts to oversee agencies' progress in consolidating their data centers.

We conducted this performance audit from October 2012 to April 2013 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 I contains further details about our objectives, scope, and methodology.

Background

Over the last 15 years, the federal government's increasing demand for IT has led to a dramatic rise in the number of federal data centers and a corresponding increase in operational costs. According to OMB, the federal government had 432 data centers in 1998 and more than 1,100 in 2009. Operating such a large number of centers is a significant cost to the federal government, including costs for hardware, software, real estate, and cooling. For example, according to the Environmental Protection

Agency, the electricity cost to operate federal servers and data centers across the government is about $450 million annually. According to the Department of Energy, data center spaces can consume 100 to 200 times more electricity than a standard office space. According to OMB, reported server utilization rates as low as 5 percent and limited reuse of data centers within or across agencies lends further credence to the need to restructure federal data center operations to improve efficiency and reduce costs.

OMB and the Federal CIO Established the Federal Data Center Consolidation Initiative

Concerned about the size of the federal data center inventory and the potential to improve the efficiency, performance, and the environmental footprint of federal data center activities, OMB, under the direction of the Federal CIO, established FDCCI in February 2010. This initiative's four high-level goals are to

- promote the use of "green IT"[3] by reducing the overall energy and real estate footprint of government data centers;

- reduce the cost of data center hardware, software, and operations;

- increase the overall IT security posture of the government; and

- shift IT investments to more efficient computing platforms and technologies.

As part of FDCCI, OMB required the 24 agencies to identify a senior, dedicated data center consolidation program manager to lead their agency's consolidation efforts. In addition, agencies were required to submit an asset inventory baseline and other documents that would result in a plan for consolidating their data centers. The asset inventory baseline was to contain detailed information on each data center and identify the consolidation approach to be taken for each one. It would serve as the foundation for developing the final data center consolidation plan. The data center consolidation plan would serve as a technical road map and approach for achieving the targets for infrastructure utilization, energy

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[3]"Green IT" refers to environmentally sound computing practices that can include a variety of efforts, such as using energy efficient data centers, purchasing computers that meet certain environmental standards, and recycling obsolete electronics.

efficiency, and cost efficiency and was to be incorporated into the agency's fiscal year 2012 budget.

In October 2010, OMB reported that all of the agencies had submitted an inventory and plan. In addition, in a series of memoranda, OMB described plans to monitor agencies' consolidation activities on an ongoing basis. Starting in fiscal year 2011, OMB required agencies to provide an updated data center asset inventory at the end of every third quarter and an updated consolidation plan (including any missing elements) at the end of every fourth quarter. Further, starting in fiscal year 2012, OMB required agencies to provide a consolidation progress report at the end of every quarter.

While OMB is primarily responsible for FDCCI, the agency designated two agency CIOs to be executive sponsors to lead the effort within the Federal CIO Council,[4] the principal interagency forum to improve IT-related practices across the federal government. In addition, OMB identified two additional organizations to assist in managing and overseeing FDCCI:

- The GSA FDCCI Program Management Office is to support OMB in the planning, execution, management, and communications for FDCCI.

- The Data Center Consolidation Task Force is comprised of the data center consolidation program managers from each agency. According to its charter, the Task Force is critical to supporting collaboration across the FDCCI agencies, including identifying and disseminating key pieces of information, solutions, and processes that will help agencies in their consolidation efforts.

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[4]As of February 2013, OMB had assigned one CIO from the Department of the Interior. Initially there had been two, but one resigned as executive sponsor and OMB stated that they had no plans to fill the second position.

With an Expanded Definition, OMB's Inventory of Federal Data Centers Has Grown

OMB has used different definitions for a data center throughout the life of FDCCI. In 2010, OMB defined a "data center" as any room used for the purpose of processing or storing data that is larger than 500 square feet, is used for processing or storing data, and meets stringent availability requirements.[5] While agencies included other facilities classified as a "server room" (typically smaller than 500 square feet) and "server closet" (typically smaller than 200 square feet) in their inventories, these facilities were not included in OMB's final tally of data centers. However, in October 2011, the Federal CIO expanded the definition to include a facility of any size. OMB further clarified its definition in March 2012, as follows:

"…a data center is…a closet, room, floor or building for the storage, management, and dissemination of data and information and [used to house] computer systems and associated components, such as database, application, and storage systems and data stores [excluding facilities exclusively devoted to communications and network equipment (e.g., telephone exchanges and telecommunications rooms)]. A data center generally includes redundant or backup power supplies, redundant data communications connections, environmental controls…and special security devices housed in leased, owned, collocated, or stand-alone facilities."[6]

Under the first definition, OMB identified 2,094 data centers in July 2010. Using the new definition from October 2011, OMB estimated that there were a total of 3,133 federal data centers in December 2011,[7] and its goal was to consolidate approximately 40 percent for a savings of approximately $3 billion by the end of 2015.

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[5]For more information on the classifications used to define availability requirements, see Uptime Institute, *Industry Standard Tier Classifications Define Site Infrastructure Performance* (Santa Fe, N.Mex.: 2005).

[6]OMB, *Implementation Guidance for the Federal Data Center Consolidation Initiative* (Washington, D.C.: Mar. 19, 2012).

[7]The number changes as agencies identify new centers, but agencies are only required to provide updated inventories once a year, by the end of June.

OMB Is Integrating FDCCI with the PortfolioStat Initiative

In March 2012, OMB launched the PortfolioStat initiative, which requires agencies to conduct an annual agency-wide IT portfolio review to, among other things, reduce commodity IT[8] spending and demonstrate how its IT investments align with the agency's mission and business functions.[9] PortfolioStat is designed to assist agencies in assessing the current maturity of their IT portfolio management process, make decisions on eliminating duplication, and move to shared solutions in order to maximize the return on IT investments across the portfolio. To support this initiative, agencies were required to take several actions including designating a lead for PortfolioStat by April 9, 2012, holding their first PortfolioStat session by July 31, 2012, and submitting a final plan to consolidate commodity IT by August 31, 2012.

In September 2012, the Federal CIO wrote in an e-mail to agencies that OMB was planning to integrate FDCCI with the PortfolioStat initiative to allow agencies to focus on an enterprisewide approach to address all commodity IT, including data centers, in an integrated, comprehensive plan and that agencies should continue to focus on optimizing those data centers that are essential to delivering taxpayer services, while continuing to close those that are duplicative. In addition, the e-mail directed agencies to delay submitting their October 1, 2012, submissions of updated consolidation plans until further guidance could be provided. However, agencies were still to report quarterly updates on their data center closures. Going forward, the Federal CIO wrote that OMB plans to require agencies to submit and publish updated consolidation plans that reflect these new points of emphasis and integrate data center consolidation with the enterprisewide plans to reduce commodity IT and decrease duplicative applications as part of overall portfolio management.

More recently, in March 2013, OMB issued a memorandum documenting the integration of FDCCI with PortfolioStat.[10] Among other things, the

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[8]According to OMB, commodity IT includes services such as IT infrastructure (data centers, networks, desktop computers and mobile devices); enterprise IT systems (e-mail, collaboration tools, identity and access management, security, and web infrastructure); and business systems (finance, human resources, and other administrative functions).

[9]OMB, *Implementing PortfolioStat,* Memorandum M-12-10 (Washington D.C.: Mar. 30, 2012).

[10]OMB, *Fiscal Year 2013 PortfolioStat Guidance: Strengthening Federal IT Portfolio Management*, Memorandum M-13-09 (Washington, D.C.: Mar. 27, 2013).

memorandum discusses OMB's efforts to further the PortfolioStat initiative by incorporating several changes, such as consolidating previously collected IT-related plans, reports, and data submissions. The memorandum also establishes new agency reporting requirements and related time frames. Specifically, agencies are no longer required to submit the data center consolidation plans previously required under FDCCI. Rather, agencies are to submit information to OMB via three primary means—an information resources management strategic plan,[11] an enterprise road map,[12] and an integrated data collection channel.[13] Agencies' draft versions of their strategic plans and enterprise road maps are due to OMB in May 2013, as well as their first integrated data collections. The integrated data collections are to be updated quarterly beginning in August 2013 and the strategic plans and road maps are to be updated after Congress receives the President's budget for fiscal year 2015. Agencies are still required to update their data center inventories by the end of June 2013 and report quarterly on consolidation progress. The memorandum and its implications on FDCCI are discussed in more detail later in this report.

GAO Has Previously Reported on Federal Data Center Consolidation Efforts

We have previously reported on OMB's efforts to consolidate federal data centers. In March 2011, we identified data center consolidation as one of the 81 areas within the federal government with the opportunity to reduce potential duplication, overlap, and fragmentation. In this regard, we reported on the status of FDCCI and noted that data center consolidation made sense economically and was a way to achieve more efficient IT

[11]OMB, *Management of Federal Information Resources,* Circular A-130 (Washington, D.C.: Nov. 30, 2000). According to OMB Circular A-130, an agency's information resources management strategic plan should describe how information resources management activities help accomplish agency missions, and ensure that information resource management decisions are integrated with organizational planning, budget, procurement, financial management, human resources management, and program decisions.

[12]OMB, *Increasing Shared Approaches to Information Technology Services* (Washington, D.C.: May 2, 2012). The enterprise road map is to include a business and technology architecture, an IT asset inventory, a commodity IT consolidation plan, a line of business service plan, and an IT shared service plan.

[13]The integrated data collection channel will be used by agencies to report structured information, such as progress in meeting IT strategic goals, objectives, and metrics, as well as cost savings and avoidances resulting from IT management actions.

operations, but that challenges existed.[14] For example, agencies reported facing challenges in ensuring the accuracy of their inventories and plans, providing upfront funding for the consolidation effort before any cost savings accrued, and overcoming cultural resistance to major organizational changes, among other things.

In July 2011, we issued a report on the status of FDCCI and found that only 1 of the 24 agencies had submitted a complete inventory and no agency had submitted complete plans.[15] Further, OMB had not required agencies to document the steps they had taken, if any, to verify the inventory data. We concluded that until these inventories and plans were complete, agencies would not be able to implement their consolidation activities and realize expected cost savings. Moreover, without an understanding of the validity of agencies' consolidation data, OMB could not be assured that agencies were providing a sound baseline for estimating consolidation savings and measuring progress against those goals. Accordingly, we made several recommendations to OMB, including that the Federal CIO require that agencies, when updating their data center inventory, state what actions were taken to verify the information in the inventory and to identify any associated limitations on the data, and to complete the missing elements in their inventories and consolidation plans. OMB generally agreed with our report and has since taken actions to address our recommendations. For example, in July 2011, OMB required agency CIOs to submit a letter that identified steps taken to verify their data center inventory information and attest to the completeness of their consolidation plan. In addition, in March 2012, OMB required that all agencies, by the end of the fourth quarter of every fiscal year, complete all elements missing from their consolidation plans.

Additionally, in July 2012, we updated our review of FDCCI's status and found that, while agencies' 2011 inventories and plans had improved as compared to their 2010 submissions, only 3 agencies had submitted a complete inventory and only 1 agency had submitted a complete consolidation plan.[16] In addition, we noted that 3 agencies had submitted their inventory using an outdated format, in part, because OMB had not

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[14]GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011).

[15]GAO-11-565.

[16]GAO-12-742.

publicly posted its revised guidance. Notwithstanding these weaknesses, we found that 19 agencies reported anticipating about $2.4 billion in cost savings between 2011 and 2015.

We also reported that none of five selected agencies had a master program schedule or cost-benefit analysis that was fully consistent with best practices. To assist agencies with their data center consolidation efforts, OMB had sponsored the development of a FDCCI total cost of ownership[17] model that was intended to help agencies refine their estimated costs for consolidation; however, agencies were not required to use the cost model as part of their cost estimating efforts. Accordingly, we reiterated our prior recommendation that agencies complete missing plan and inventory elements and made new recommendations to OMB to publically post guidance updates on the FDCCI website and to require agencies to use its cost model. OMB generally agreed with our recommendations and has since taken steps to address them. More specifically, OMB posted its 2012 guidance for updating data center inventories and plans, as well as guidance for reporting consolidation progress, to the FDCCI public website. Further, the website has been updated to provide prior guidance documents and OMB memoranda. In addition, OMB's 2012 consolidation plan guidance requires agencies to use the cost model as they develop their 2014 budget request.

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[17]OMB refers to total cost of ownership as all associated data center-related activities and costs without regard to ownership, project association, or funding line.

Consolidation of Federal Data Centers is Under Way, but Initiativewide Cost Savings Have Not Been Determined

We and other federal agencies[18] have documented the need for initiatives to develop performance measures to gauge progress. According to government and industry leading practices, performance measures should be measurable, outcome-oriented, and actively tracked and reported. For FDCCI, OMB originally established goals for data center closures and the expected cost savings. Specifically, OMB expected to consolidate approximately 40 percent of the total number of agency data centers and achieve $3 billion in cost savings by the end of 2015, and established the means of measuring performance against those goals through several methods. While agencies have made progress on their number of data center consolidations, OMB has not measured initiativewide progress against its cost savings goal. According to OMB staff from the Office of E-Government and Information Technology, the agency has not yet determined a consistent and repeatable method for tracking cost savings. Until OMB begins tracking cost savings, it will be limited in its ability to evaluate progress and to determine whether or not FDCCI is on course toward achieving planned performance goals. In March 2013, however, OMB issued a memorandum that made significant changes to FDCCI reporting, but changes to goals and reporting requirements were not fully addressed.

Progress Made on Data Center Closures, but Size of Facilities Is Not Reported

The 24 agencies have collectively made progress towards OMB's data center consolidation goal to close 40 percent, or approximately 1,253 of the 3,133 data centers, by the end of 2015. To track their progress, OMB requires agencies to report quarterly on their completed and planned performance against that goal via an online portal. After being reviewed for data quality and security concerns, the GSA FDCCI Program Management Office makes the performance information available on the federal website dedicated to providing the public with access to datasets developed by federal agencies, http://data.gov.

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[18]GAO, *Aviation Weather: Agencies Need to Improve Performance Measurement and Fully Address Key Challenges*, GAO-10-843 (Washington, D.C.: Sept. 9, 2011); GAO, *NextGen Air Transportation System: FAA's Metrics Can Be Used to Report on Status of Individual Programs, but Not of Overall NextGen Implementation or Outcomes*, GAO-10-629 (Washington, D.C.: July 27, 2010); OMB, *Guide to the Program Assessment Rating Tool* (Washington, D.C.: January 2008); Department of the Navy, Office of the Chief Information Officer, *Guide for Developing and Using IT Performance Measurements* (Washington, D.C.: October 2001); and GSA, *Performance-Based Management: Eight Steps To Develop and Use Information Technology Performance Measures Effectively* (Washington, D.C.: 1996).

As of February 2013, agencies had collectively reported closing a total of 420 data centers by the end of December 2012,[19] and were planning to close an additional 396 data centers—for a total of 816—by September 2013.[20] While the number of data centers that agencies are planning to close from October 2013 through December 2015 (the planned completion date of FDCCI) is not reported on http://data.gov, OMB's July 2012 quarterly report to Congress[21] on the status of federal IT reform efforts contains other information on agencies' data center closure plans. Among other things, the report states that agencies have collectively committed to closing a total of 968 data centers by the end of 2015. According to OMB staff from the Office of E-Government and Information Technology, this figure represents the number of commitments reported by agencies, as compared to the initiative's overall goal of closing 1,253 data centers by December 2015. The agencies have not identified the remaining 285 consolidation targets to achieve that goal. OMB's January 2013 quarterly report to Congress[22] does not provide any new information about either planned or completed agency data center closures. See figure 1 for a graphical depiction of agencies' progress against OMB's data center consolidation goal.

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[19]Of the 24 agencies, 17 reported closing at least one data center by the end of December 2012. The remaining 7 agencies did not report closing any data centers during this time.

[20]Of the 24 agencies, 19 reported plans to close at least one data center by the end of September 2013. The remaining 5 agencies did not report plans to close any data centers in this time frame.

[21]OMB, *Quarterly Report to Congress: Integrated, Efficient, and Effective Uses of Information Technology* (Washington, D.C.: July 30, 2012).

[22]OMB, *Quarterly Report to Congress: Integrated, Efficient, and Effective Uses of Information Technology* (Washington, D.C.: Jan. 31, 2013).

Figure 1: Agencies' Progress against OMB's Data Center Consolidation Goal (as of February 2013)
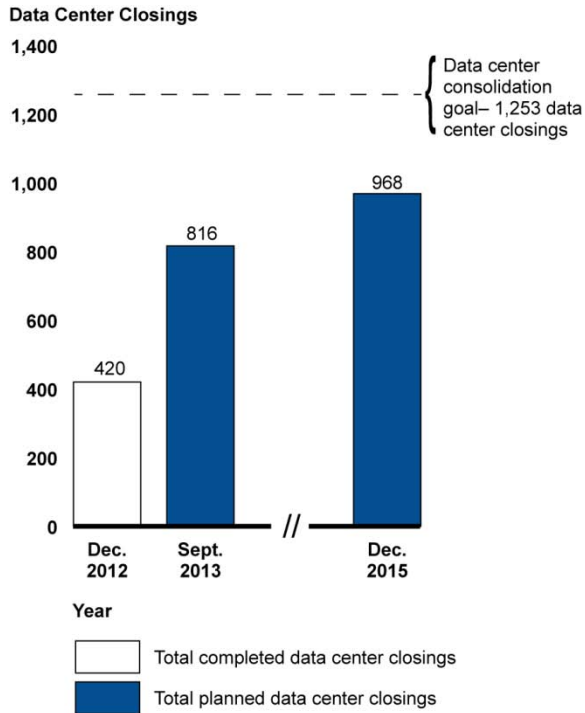
Source: GAO analysis of OMB and GSA data.

In addition to tracking and reporting on agencies' performance against the planned number of data center closures, tracking and reporting the size of the centers being closed is important to get a comprehensive view of progress. Specifically, compared to a smaller data center, a large data center is more costly to operate due to increased costs for hardware, software, real estate, and cooling. Because of these higher costs, the closure of large data centers is a key aspect of achieving OMB's $3 billion savings goal. OMB staff from the Office of E-Government and Information Technology also noted that, when making decisions about specific facilities, agencies must take into account information such as that presented in the previously mentioned FDCCI total cost of ownership model that we reviewed in July 2012.[23]

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[23]GAO-12-742.

While OMB has collected data on agencies' data center sizes, it has not reported on these data. Specifically, agencies are required to provide the size of their data centers as part of their data center inventory updates, and staff from OMB's Office of E-Government and Information Technology and GSA's FDCCI Program Management Office stated that these data are maintained in an electronic data center inventory portal. Still, one OMB staff member noted that the size of individual facilities is only known to the extent that this information is reported by an agency. We reported in July 2012[24] that the size of 966, or almost one-third, of the 2,897 centers listed in agencies' 2011 inventories could not be determined, thus further clouding OMB's visibility into the size of agencies' data centers. As a result, we reiterated our prior recommendation that agencies complete their data center inventories, which include information on the size of specific facilities.[25] In addition, the size of the centers being closed has not been reported on http://data.gov—the primary tool OMB is using to track consolidation progress. The OMB staff further indicated that the agency has not used data center size as a performance measure of FDCCI progress. In January 2013, these staff added that the agency was reevaluating its performance measures as part of the integration of FDCCI with PortfolioStat and, as part of this effort, was considering additional measures such as the data center size, uses, and business and mission needs, but did not commit to the exact performance measures that would be used.

Shortly thereafter, in March 2013, OMB issued a memorandum[26] on the integration of FDCCI and PortfolioStat, which provides direction on the use of key performance indicators, including requirements for the development of energy, facility, and labor metrics, among other things. However, the memorandum does not provide information regarding the measurement and reporting of these performance indicators, or indicators specific to the size of data centers being closed. Until OMB begins to measure and report on key performance indicators such as the size of data centers being closed, stakeholders in the federal consolidation effort

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[24]GAO-12-742.

[25]In July 2011, we recommended that OMB require agencies to submit complete data center inventories and consolidation plans. In response, OMB required that agencies do so. However, we did not assess the completeness of agency inventories for this review.

[26]OMB Memorandum M-13-09.

will lack important information about the relative scope of agencies' closures, and consequently, OMB will be limited in its ability to oversee agencies' progress against its cost savings goal.

Initiativewide Cost Savings Have Not Been Determined

OMB has not measured agencies' progress against the cost savings goal of $3 billion by the end of 2015. According to a staff member from OMB's Office of E-Government and Information Technology, as of November 2012, the total savings to date have not been tracked but were believed to be minimal. The staff member added that, although data center consolidation involves reductions in costs for existing facilities and operations, it also requires investment in new and upgraded facilities and, as a result, any current savings are often offset by the reinvestment of those funds into ongoing consolidation efforts. Finally, the staff member stated that OMB recognizes the importance of tracking cost savings and is working to identify a consistent and repeatable method for tracking cost savings as part of the integration of FDCCI with PortfolioStat, but stated that there was no time frame for when this would occur.

The lack of initiativewide cost savings data makes it unclear whether agencies will be able to achieve OMB's projected savings of $3 billion by the end of 2015. In previous work, we found that agencies' cost savings projections were incomplete and, in some cases, unreliable. Specifically, in July 2012,[27] we reported that most agencies had not reported their expected cost savings in their 2011 consolidation plans. Officials from several agencies reported that this information was still being developed. Notwithstanding these weaknesses, our analysis of agencies' 2011 consolidation plans (the most recent plans available) indicates that agencies had reported anticipating cost savings that collectively total about $701 million by the end of 2012—with 3 years remaining to achieve additional savings.[28] The extent of savings projected for the end of 2012 demonstrates the importance of determining the total initiativewide cost savings realized to date. Further, we found that agencies collectively reported anticipating about $2.4 billion in cumulative cost savings by the

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[27]GAO-12-742.

[28]The Department of Defense estimated it would achieve about $671 million in cost savings by the end of 2012, which accounts for about 96 percent of the total anticipated cost savings.

end of 2015 (the planned completion date of FDCCI).[29] With less than 3 years remaining to the 2015 FDCCI deadline, almost all agencies still need to complete their inventories and consolidation plans and continue to identify additional targets for closure. As closing facilities is a significant driver in realizing consolidation savings, the time required to realize planned cost savings will likely extend beyond the current 2015 time frame. With at least one agency not planning on realizing savings until after 2015 and other agencies having not yet reported on planned savings, there is an increased likelihood that agencies will either need more time to meet the overall FDCCI savings goal or that there are additional savings to be realized in years beyond 2015. Until OMB begins tracking cost savings data, the agency will be limited in its ability to determine whether or not FDCCI is on course toward achieving planned performance goals. Additionally, extending the horizon for realizing planned cost savings could provide OMB and FDCCI stakeholders with input and information on the benefits of consolidation beyond OMB's initial goal.

Recent Integration with PortfolioStat Changes FDCCI Reporting, but Goals and Requirements Are Not Fully Addressed

OMB's recent integration of FDCCI with PortfolioStat includes a modification to the previously mentioned FDCCI goal of closing approximately 40 percent of the total number of agency data centers and does not address the goal of achieving $3 billion in cost savings by the end of 2015. According to OMB, to more effectively measure the efficiency of an agency's data center assets, agency progress will no longer be measured solely by closures. Instead, agencies will also be measured by the extent to which their data centers are optimized for total cost of ownership by incorporating metrics for energy, facility, labor, and storage, among other things. In addition, OMB stated that the Task Force will categorize agencies' data center population into two categories—core and non-core data centers—for which the memorandum does not provide specific definitions. Additionally, as previously discussed, agencies are no longer required to submit the data center consolidation plans previously required under FDCCI. Rather, agencies are to submit information to OMB via three primary means—an information resources management strategic plan, an enterprise road map, and an integrated data collection

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[29]One agency—the Department of Defense—estimated about $2.2 billion in cost savings by the end of 2015, which accounts for about 92 percent of the total anticipated cost savings. However, the department's consolidation plan noted that their cost savings estimates do not account for any up-front costs associated with the consolidation effort.

channel. Using these tools, an agency is to report on, among other things, its approach to optimizing its data centers; the state of its data center population, including the number of core and non-core data centers; the agency's progress on closures; and the extent to which an agency's data centers are optimized for total cost of ownership.

However, OMB's memorandum did not fully address the revised goals and reporting requirements of the combined initiative. Specifically, OMB stated that its new goal is to close 40 percent of non-core data centers but, as previously mentioned, the definition of a core and non-core data center was not provided. Therefore, the total number of data centers to be closed under OMB's revised goal cannot be determined. In addition, although OMB has indicated which performance measures it plans to use going forward, such as energy and labor, it has not documented the specific metrics for agencies to report against. The memorandum indicates that these will be developed by the Task Force, but does not provide a time frame for when this will be completed. Lastly, although OMB has previously stated that PortfolioStat is expected to result in savings of approximately $2.5 billion through 2015, OMB's memorandum does not establish a new cost savings goal for FDCCI, nor does it refer to the previous goal of saving $3 billion. Instead, OMB states that all cost savings goals previously associated with FDCCI will be integrated into broader agency efforts to reshape their IT portfolios, but does not provide a revised savings estimate. The lack of a new cost savings goal will further limit OMB's ability to determine whether or not the new combined initiative is on course toward achieving its planned objectives.

Oversight of FDCCI is Not Being Performed in All Key Areas

We have previously reported that oversight and governance of major IT initiatives help to ensure that the initiatives meet their objectives and performance goals.[30] When an initiative is governed by multiple entities, the roles and responsibilities of those entities should be clearly defined and documented, including the responsibilities for coordination among

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[30]GAO, *USDA Systems Modernization: Management and Oversight Improvements Are Needed*, GAO-11-586 (Washington, D.C.: July 20, 2011); *United States Coast Guard: Improvements Needed in Management and Oversight of Rescue System Acquisition*, GAO-06-623 (Washington, D.C.: May 31, 2006); and *Information Technology Investment Management: A Framework for Assessing and Improving Process Maturity*, GAO-04-394G (Washington, D.C.: March 2004).

those entities. We have further reported,[31] and OMB requires,[32] that an executive-level body be responsible for overseeing major IT initiatives. Among other things, we have reported that this body should have documented policies and procedures for management oversight of the initiative, regularly track progress against established performance goals, and take corrective actions as needed. As the FDCCI executive-level body, OMB has put in place a governance hierarchy that is responsible for FDCCI oversight activities; while most of these activities are being performed, several weaknesses exist. The weaknesses in oversight are due, in part, to OMB not ensuring that assigned responsibilities are being executed. Improved oversight could better position OMB to assess progress against its cost savings goal and minimize agencies' risk of not realizing anticipated cost savings. OMB's March 2013 memorandum made significant changes to FDCCI; however, the impact on several key FDCCI oversight responsibilities is not addressed.

Oversight Responsibilities Have Been Assigned to Three Organizations

Oversight and governance of FDCCI is the responsibility of several organizations—the Task Force, the GSA FDCCI Program Management Office, and OMB. Roles and responsibilities for these organizations are documented in the Task Force charter and OMB memoranda, while others are described in OMB's January 2013 quarterly report to Congress or have been communicated by agency officials. For example, through its charter, the Task Force is given responsibility for assisting agencies with the development of their consolidation plans and assisting OMB with launching an electronic public dashboard for tracking the progress of agencies' consolidation efforts. OMB memoranda assign the GSA FDCCI Program Management Office the responsibility of collecting agencies' data center inventories in June and consolidation plans in September of each year. OMB memoranda also establish OMB's responsibility for providing executive-level oversight and approving agencies' data center consolidation plans. Other responsibilities were not documented in official policy, but were shared with us by agency staff and confirmed in OMB's January 2013 quarterly report to Congress. For example, agency staff described additional GSA FDCCI Program Management Office

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[31]GAO-11-586, GAO-06-623, and GAO-04-394G.

[32]OMB, *Capital Programming Guide, V. 3.0, Supplement to OMB Circular A-11: Planning, Budgeting, and Acquisition of Capital Assets,* (Washington, D.C.: July 2012). The Capital Programming Guide is intended to help agencies effectively plan, procure, and use capital assets.

responsibilities, including analyzing agencies' inventories and plans and providing OMB with quarterly and ad-hoc reports on consolidation progress. In addition, the Task Force Chairperson stated that the Task Force has been responsible for developing and administering the peer review process for agencies' consolidation plans. See table 1 for a listing of the FDCCI oversight and governance entities and their key responsibilities.

Table 1: Key Responsibilities of FDCCI Oversight and Governance Organizations

Organization	FDCCI responsibilities
Task Force	• Hold monthly meetings to facilitate communication between agencies • Communicate and coordinate agency best practices • Identify policy and implementation issues that could negatively impact agencies' abilities to meet their FDCCI goals • Assist agencies with development of their consolidation plans • **Develop and manage the data center total cost of ownership model (GSA)[a]** • **Develop an electronic governmentwide marketplace for data center availability (GSA and OMB)** • Oversee the agency consolidation plan peer review process
GSA FDCCI Program Management Office	• Collect agencies' consolidation inventories and plans annually (inventories in June; plans in September) • Under OMB direction, collect and disseminate data related to the FDCCI closure updates • Provide ad-hoc and quarterly reports to OMB regarding agencies' reported consolidation updates • Maintain and update FDCCI-related online portals, such as http://CIO.gov and http://data.gov (i.e., the consolidation progress dashboard) • **Develop and manage the data center total cost of ownership model (Task Force)** • Provide agency support including technical assistance on the total cost of ownership model and clarifying inventory and plan requirements • **Develop an electronic governmentwide marketplace for data center availability (Task Force and OMB)** • Conduct analysis of FDCCI inventories and plans, including reviewing agencies' submissions for errors
OMB	• Establish and manage FDCCI • Provide Federal CIO policy and guidance to the initiative • Launch an electronic public dashboard to track consolidation progress • **Develop an electronic governmentwide marketplace for data center availability (Task Force and GSA)** • Approve federal agency consolidation plans • Report quarterly to the Senate and House Committees on Appropriations identifying the savings achieved by OMB's governmentwide IT reform effort, which includes FDCCI • Provide executive-level oversight of FDCCI

Source: GAO analysis of OMB data and agency interviews.

Note: Bold text indicates a responsibility that is shared with the entities indicated in parentheses.

[a]This model is intended to provide agencies with a comprehensive tool to help inform decision making, model paths, and the development of cost savings figures and funding needs.

Task Force Provides Important Assistance to Agencies, but Has Not Overseen Plan Peer Reviews

The Task Force has been assigned and has executed a wide range of FDCCI responsibilities, many of which are related to assisting agencies in their consolidation efforts. For example, the Task Force holds monthly meetings to, among other things, communicate and coordinate consolidation best practices and to identify policy and implementation issues that could negatively impact the ability of agencies to meet their goals. Further, the Task Force has assisted agencies with the development of their consolidation plans by discussing lessons learned during its monthly meetings and disseminating new OMB guidance. In addition, the Task Force worked with the GSA FDCCI Program Management Office to develop a standard total cost of ownership model intended to help agencies in the development of cost savings figures in their consolidation plans, among other things, and has also assisted with its ongoing management by establishing a change control process. Lastly, the Task Force worked with GSA and OMB to launch an electronic governmentwide data center marketplace that is intended to match agencies that have extra data center capacity with agencies with increasing demand, thereby improving the utilization of existing facilities.

However, the Task Force has not provided oversight of the agency consolidation peer review process. According to officials, the purpose of the peer review process was for agencies to get feedback on their consolidation plans and potential improvement suggestions from a partner agency with a data center environment of similar size and complexity. While the Task Force documented the agency pairings for 2011 and 2012 reviews, the Task Force Chairperson stated that they did not perform checks to ensure that all agencies had exchanged plans. As a result, the GSA FDCCI Program Manager acknowledged that there may have been cases where agencies did not exchange their plans, but was not completely sure because this had not been tracked. In addition, the Task Force did not provide agencies with guidance for executing their peer reviews, including information regarding the specific aspects of agency plans to be reviewed and the process for providing feedback. As a result, the peer review process did not ensure that significant weaknesses in agencies' plans were identified. As previously mentioned, in July 2012, we reported[33] that all of the agencies' plans were incomplete except for one. In addition, we noted that three agencies had submitted their June 2011 inventory updates, a required component of consolidation

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[33]GAO-12-742.

documentation, in an incorrect format—an outdated template. At the time, agency officials told us that they did not realize they were relying on an outdated inventory template, an oversight that might have been identified through a robust peer review process.

Several actions have been taken to address these communication issues. Specifically, OMB has posted updated inventory and plan guidance on the FDCCI website and committed to posting future guidance in a similar manner, and officials from GSA's FDCCI Program Management Office stated that inventory data are now being collected via an electronic portal to help prevent format issues. However, well-documented peer review guidance and improved Task Force oversight of this process can help ensure that similar situations are avoided in the future. According to OMB staff from the Office of E-Government and Information Technology, guidance for the peer review process has not been documented because the expectation has been that agencies, as part of their review of another agency's plan, would determine the most important areas of the plan on which to provide feedback. Until OMB ensures that the peer review process is documented, agencies will lack the necessary guidelines for carrying out their peer reviews and the likelihood of any errors or missing elements in agencies' inventories and consolidation plans not being detected is increased.

GSA Assists OMB in Managing FDCCI, but Reviews of Inventories and Plans Were Incomplete

In its supporting role, the GSA FDCCI Program Management Office has been assigned and has performed a broad set of responsibilities, including many that are related to assisting OMB in managing FDCCI. For example, GSA has collected responses to OMB-mandated document deliveries, including agencies' consolidation inventories and plans, on an annual basis. Further, GSA has collected data related to FDCCI data center closure updates, disseminated the information publically on the consolidation progress dashboard on http://data.gov, and provided ad hoc and quarterly updates to OMB regarding these data. GSA has also maintained and updated other FDCCI-related online portals, such as http://CIO.gov. In addition, GSA worked with the Task Force to develop the total cost of ownership model, assists with the ongoing management of the model, and provides ongoing technical assistance to agencies regarding the model, as well as inventory and plan requirements. Lastly, GSA worked with the Task Force and OMB to launch an electronic governmentwide marketplace for data center availability.

However, the GSA FDCCI Program Management Office has not executed its responsibilities related to analyzing agencies' inventories and plans

and reviewing these documents for errors. In July 2012, we reported on agencies' progress toward completing their inventories and plans and found that only three agencies had submitted a complete inventory and only one agency had submitted a complete plan, and that most agencies did not fully report cost savings information and eight agencies did not include any cost savings information.[34] In addition, we noted that three agencies had submitted their inventory using an outdated template. According to OMB's January 2013 quarterly report to Congress, GSA is responsible for analyzing agencies' inventories and plans, but this report does not provide any information on specific analysis requirements. In contrast, officials from GSA's FDCCI Program Management Office stated that their office does not do any significant validation of agencies' consolidation plans, but typically checks to see if any major sections (such as cost savings) are missing. Because OMB has not required agencies to submit updated plans since September 2011, the lack of cost savings information is particularly important because, as previously noted, initiativewide cost savings have not been determined—a shortcoming that could potentially be addressed if agencies had submitted complete plans that addressed cost savings realized, as required. A mechanism to help ensure that GSA's review requirements are fully executed could provide OMB with reasonable assurance that any gaps between agency plans and OMB's requirements are identified.

OMB Has Partially Reported Agencies' Consolidation Progress, but Has Not Approved Agency Plans or Tracked Cost Savings

After establishing FDCCI in 2010, OMB has taken several actions to manage the initiative and to facilitate and oversee agencies' consolidation progress. As the FDCCI executive-level body, OMB is responsible for managing FDCCI and ensuring that roles and responsibilities are fully documented and carried out as intended. For example, OMB issued FDCCI policies and guidance in a series of memoranda that, among other things, required agencies to provide an updated data center asset inventory at the end of every third quarter and an updated consolidation plan at the end of every fourth quarter. In addition, OMB has also put in place mechanisms to track and report on progress against one of its key performance goals, the consolidation of approximately 40 percent of the total data centers by the end of 2015. In this regard, OMB launched a publically available electronic dashboard to track and report on agencies' consolidation progress and, starting in fiscal year 2012, required agencies

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[34]GAO-12-742.

to report quarterly via an online portal on their completed and planned data center consolidation efforts. Lastly, OMB worked with the Task Force and GSA to launch an electronic governmentwide marketplace for data center availability.

However, although OMB is the approval authority of agencies' consolidation plans, it has not approved agencies' submissions on the basis of their completeness. In an October 2010 memorandum, OMB stated that its approval of agencies' consolidation plans was in progress and would be completed by December 2010. However, OMB did not issue a subsequent memorandum indicating that it had approved agencies' plans, or an updated time frame for completing its review. This is important because, in July 2011 and July 2012, we reported that agencies' consolidation plans had significant weaknesses and that nearly all were incomplete.[35] Staff from OMB's Office of E-Government and Information Technology have since stated that OMB is not responsible for ensuring that agencies' plans are complete, rather that the agencies are solely responsible for this effort. While these staff have also acknowledged that all FDCCI roles and responsibilities have not been formally documented, OMB's October 2010 FDCCI memorandum documents OMB's responsibility for approving agencies' consolidation plans. Further, in recognizing OMB's role in providing executive-level oversight of the initiative, we have also previously reported that OMB is responsible for ensuring that agencies submit complete plans.[36] Until OMB reviews and approves agencies' consolidation plans on the basis of their completeness, OMB and the FDCCI agencies may remain unaware of any gaps between these plans and OMB's requirements, furthering the risk that agencies will move ahead with consolidation efforts that do not fully support OMB's anticipated cost savings goal.

Additionally, OMB has not reported on agencies' progress against its key performance goal of achieving $3 billion in cost savings by the end of 2015. Although the 2012 Consolidated Appropriations Act included a provision directing OMB to submit quarterly progress reports to the Senate and House Appropriations Committees that identify savings

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[35]GAO-11-565 and GAO-12-742.

[36]GAO-11-565.

achieved through governmentwide IT reform efforts,[37] OMB has not yet reported on cost savings realized for FDCCI. Instead, the agency's quarterly reports have only described planned FDCCI-related savings and stated that future reports will identify savings realized. As of the January 2013 report, no such savings have been reported. As previously mentioned, OMB has not yet started to track agencies' progress against its cost savings goal because the agency is working to identify a consistent and repeatable method for tracking cost savings. OMB staff stated that they will begin reporting on cost savings after they determine the appropriate method for tracking progress against this goal, but did not know when this would occur. Until OMB fulfills its responsibility to track and report on consolidation cost savings, the agency cannot begin to measure progress against a key FDCCI performance goal and stakeholders in the federal consolidation effort may not receive information critical for monitoring the progress of a key government IT reform effort.

Impact of FDCCI Integration with PortfolioStat on Key Oversight Responsibilities Is Not Addressed

OMB's March 2013 memorandum integrating FDCCI with the PortfolioStat initiative documents several oversight responsibilities related to data center consolidation under the new combined initiative. As previously mentioned, the memorandum describes OMB's responsibilities for collecting agencies' information resources management strategic plans, enterprise road maps, and integrated data collections, as well as the Task Force's responsibility for developing data center performance metrics for energy, facility, and labor, among other things. The memorandum also states that GSA is still responsible for collecting agencies' data center inventories in June 2013.

However, several other important oversight responsibilities related to data center consolidation are not addressed. For example, with the elimination of the requirement to submit separate data center consolidation plans under the new combined initiative, the memorandum does not discuss whether either the Task Force or the GSA Program Management Office will continue to be used in their same oversight roles for review of agencies' documentation. In addition, while the memorandum discusses OMB's responsibility for reviewing agencies' draft strategic plans, it does

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[37]Consolidated Appropriations Act, 2012, Pub. L. No. 112-74, div. C, title II, 125 Stat. 786, 896 (2011).

not discuss the responsibility for approving these plans. In the absence of defined oversight assignments and responsibilities, it cannot be determined how OMB will have assurance that agencies' plans meet the revised program requirements and, moving forward, whether these plans support the goals of the combined initiative.

Conclusions

After more than 3 years into FDCCI, agencies have made progress in their efforts to close data centers. However, many key aspects of the integration of FDCCI and PortfolioStat, including new data center consolidation and cost savings goals, have not yet been defined. Further compounding this lack of clarity, total cost savings to date from data center consolidation efforts have not been determined, creating uncertainty as to whether OMB will be able to meet its original cost savings goal of $3 billion by the end of 2015. Additionally, even though best practices promote the importance of establishing comprehensive performance measures, OMB is not reporting on a key component of consolidation progress, namely the size of facilities that are being closed, and current agency consolidation progress indicates that additional time will be needed beyond the original 2015 target in order to realize anticipated cost savings. In the absence of tracking and reporting on key performance measures, notably cost savings, and additional time for agencies to achieve planned savings, OMB will be challenged in ensuring that the initiative, under this new direction, is meeting its established objectives.

Recognizing the importance of effective oversight of major IT initiatives, OMB directed that three oversight organizations—the Task Force, the GSA FDCCI Program Management Office, and OMB—be responsible for federal data center consolidation oversight activities. In establishing this oversight structure, these organizations have established and fulfilled responsibilities designed to better ensure that federal data center consolidation meets its planned goals, including facilitating collaboration among agencies and developing tools to assist agencies in their consolidation efforts. However, other key oversight activities have not been performed. Most notably, the lack of formal guidance for consolidation plan peer reviews and approval increases the risk that missing elements will continue to go undetected and that agencies' efforts will not fully support OMB's goals. Further, while OMB has put in place initiatives to track consolidation progress, consolidation inventories and plans are not being reviewed for errors and cost savings are not being tracked or reported. The collective importance of these activities to federal data center consolidation success reinforces the need for

oversight responsibilities to be fulfilled in accordance with established requirements.

Recommendations for Executive Action

To better ensure that FDCCI achieves expected cost savings and to improve executive-level oversight of the initiative, we are making three recommendations to OMB. Specifically, we are recommending that the Director of OMB direct the Federal CIO to

- track and annually report on key data center consolidation performance measures, such as the size of data centers being closed and cost savings to date;

- extend the time frame for achieving cost savings related to data center consolidation beyond the current 2015 horizon, to allow time to meet the initiative's planned cost savings goal; and

- establish a mechanism to ensure that the established responsibilities of designated data center consolidation oversight organizations are fully executed, including responsibility for the documentation and oversight of the peer review process, the review of agencies' updated consolidation inventories and plans, and approval of updated consolidation plans.

Agency Comments and Our Evaluation

We received comments on a draft of our report from OMB and GSA. Specifically, in written comments, the Federal CIO stated that the agency concurred with the first and third recommendation. Regarding the second recommendation, OMB neither agreed nor disagreed. However, the Federal CIO stated that, as the FDCCI and PortfolioStat initiatives proceed and continue to generate savings, OMB will consider whether updates to the current time frame are appropriate. OMB's written comments are provided in appendix II.

GSA provided technical comments in which it stated that it disagreed with our finding that the agency has not executed its responsibilities related to analyzing agencies' inventories and plans. Specifically, GSA stated that its FDCCI Program Management Office is not set up to perform audit or in-depth review activities, that GSA's review requirements are not specifically defined by OMB, and that accountability for the accuracy and completeness of inventories and plans lies with agency CIOs. We agree that agencies have a responsibility for ensuring the completeness of their documentation, and we note in the report that agency CIOs are required to attest to the completeness of their consolidation plans. However, as

also mentioned in this report, OMB documentation specifically states that the GSA FDCCI Program Management Office is responsible for analyzing agencies' inventories and plans. In addition, the report includes information from GSA officials about their efforts to check these documents for missing sections. Based on these facts, we stand by our assessment that GSA has not fully executed its oversight responsibilities.

Our draft report provided to OMB for comment included a recommendation that OMB provide the FDCCI agencies with guidance on how the initiative was to be integrated with PortfolioStat, including direction on reporting requirements and the measurement of key performance indicators. OMB's March 2013 memorandum provided guidance on how FDCCI will be integrated with PortfolioStat. Among other things, the memorandum included new reporting requirements and provided initial direction on the measurement of key performance indicators. As a result of OMB's action, we have removed this recommendation from our final report. We also modified the language of our other recommendations as appropriate, taking into consideration OMB's memorandum.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to interested congressional committees, the Director of the Office of Management and Budget, the Administrator of the General Services Administration, and other interested parties. In addition, the report will be available at no charge on GAO's website at http://www.gao.gov.

If you or your staffs have any questions on the matters discussed in this report, please contact me at (202) 512-9286 or 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 major contributions to this report are listed in appendix III.

David A. Powner
Director, Information Technology
Management Issues

List of Requesters

The Honorable Thomas R. Carper
Chairman
The Honorable Tom Coburn, M.D.
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Claire McCaskill
Chairman
Subcommittee on Financial and Contracting Oversight
Committee on Homeland Security and Governmental Affairs
United States Senate

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

The Honorable Susan M. Collins
United States Senate

Appendix I: Objectives, Scope, and Methodology

Our objectives were to (1) evaluate agencies' reported progress against the Office of Management and Budget's (OMB) planned consolidation and cost savings goals and (2) assess the extent to which the oversight organizations put in place by OMB for the Federal Data Center Consolidation Initiative (FDCCI) are adequately performing oversight of agencies' efforts to meet these goals.

To evaluate agencies' reported progress, we compared the 24 departments and agencies' data center facility reductions as reported on http://data.gov with OMB's original consolidation goals. To assess the reliability of these data, we reviewed related documentation, such as OMB's reports to Congress on the status of information technology reform efforts, checked for missing data or obvious errors, and interviewed OMB staff from the Office of E-Government and Information Technology regarding actions taken to verify the data. We determined that the data were sufficiently reliable to report on agencies' progress towards OMB's consolidation goals. In addition, we interviewed OMB staff about their efforts to track consolidation cost savings. We also analyzed the agencies' 2011 consolidation plans to extract estimated cost savings information. To assess the reliability of the data agencies provided in their data center consolidation plans, we relied on actions performed as part of our previous work to assess the reliability of the data, which included reviewing the letters agencies were required to submit attesting to the completeness and reliability of their plans, interviewing agency officials about actions taken to verify their data, and reviewing the past evaluations of agency plans. In the previous audit of FDCCI, we found that the data were sufficiently reliable for reporting on the completeness of agencies' plans but, in our assessment of the plans, noted that most agencies did not fully report on their cost savings information. For this review, we reviewed the results of our previous data reliability assessment in the context of current objectives, and interviewed agency officials about any additional actions taken to verify the data. We concluded that the data were sufficiently reliable for our purposes, which was to report on agencies' estimated cost savings information, but that limitations existed related to the completeness of agencies' cost savings information. As such, we identify the limitations of these data in the finding sections of this report.

To assess the extent to which the oversight organizations put in place by OMB for FDCCI are adequately performing oversight of agency

consolidation efforts, we analyzed OMB memoranda,[1] the May 2011 Data Center Consolidation Task Force Charter, and other related documentation to determine the roles and responsibilities of key oversight organizations, including OMB, the General Services Administration FDCCI Program Management Office, and the Data Center Consolidation Task Force. We then compared supporting documentation provided by these organizations against their documented roles and responsibilities to determine the extent to which these organizations were overseeing agencies' consolidation efforts in a manner consistent with their assigned responsibilities. In addition, we interviewed relevant OMB, General Services Administration, and Data Center Consolidation Task Force officials to determine the extent to which their oversight roles and responsibilities were being executed, as well as the extent to which they were providing oversight of agencies' efforts to meet established consolidation and cost savings goals.

We conducted this performance audit from October 2012 to April 2013 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.

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[1]See, for example, OMB, *Fiscal Year 2013 PortfolioStat Guidance: Strengthening Federal IT Portfolio Management*, Memorandum M-13-09 (Washington, D.C.: Mar. 27, 2013); *Implementation Guidance for the Federal Data Center Consolidation Initiative* (Washington, D.C.: Mar. 19, 2012); *Update on the Federal Data Center Consolidation Initiative* (Washington, D.C.: Oct. 1, 2010); and *Federal Data Center Consolidation Initiative* (Washington, D.C.: Feb. 26, 2010).

Appendix II: Comments from the Office of Management and Budget

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 11, 2013

David Powner
Director, Information Technology Management Issues
General Accountability Office
441 G St. NW
Washington, D.C. 20548

Dear Mr. Powner:

    Thank you for the opportunity to comment on the Government Accountability Office's (GAO) draft report, "Data Center Consolidation: Strengthened Oversight Needed to Achieve Cost Savings Goal" (GAO-13-378). We appreciate GAO's efforts and collaboration on this report. The Office of Management and Budget (OMB) remains committed to the Federal Data Center Consolidation Initiative (FDCCI) and looks forward to continuing the positive momentum achieved to date as it is integrated with PortfolioStat.[1]

    In its draft report, GAO made four recommendations to OMB to better ensure the FDCCI achieves expected cost savings and to improve executive-level oversight of the initiative:
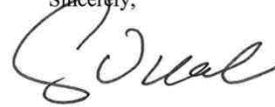
1) Provide the FDCCI agencies guidance on how the initiative is to be integrated with PortfolioStat, including direction on reporting requirements and the measurement of such key performance indicators as the size of data centers being closed and progress towards the initiative's cost savings goal;

2) Track and annually report on key FDCCI performance measures, such as the size of data centers being closed and cost savings to date;

3) Extend the time frame of the FDCCI beyond the current 2015 horizon, to allow time to meet the initiative's planned cost savings goal; and,

4) Establish a mechanism to ensure that the established responsibilities of designated FDCCI oversight organizations are fully executed, including the responsibility for the documentation and oversight of the peer review process, the review of agencies' updated consolidation inventories and plans, and approval of updated consolidation plans.

    OMB concurs with the first, second and fourth recommendations. Regarding the third recommendation, as the FDCCI and PortfolioStat initiatives proceed and continue to generate savings, OMB will consider whether updates to the current timeframe are appropriate.

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[1] See: M-13-09, Fiscal Year 2013 PortfolioStat Guidance: Strengthening Federal IT Portfolio Management at http://www.whitehouse.gov/sites/default/files/omb/memoranda/2013/m-13-09.pdf.

OMB appreciates GAO's interest in the FDCCI and we will continue to improve our oversight efforts to enable the FDCCI to reach its stated goals. Thank you again for the opportunity to comment on the draft report.

Sincerely,

Steven VanRoekel
United States Chief Information Officer

Appendix III: 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, individuals making contributions to this report included Dave Hinchman (Assistant Director), Justin Booth, Nancy Glover, and Jonathan Ticehurst.