GAO Highlights

Highlights of GAO-14-66, a report to congressional requesters

November 2013

INFORMATION TECHNOLOGY

Agencies Need to Strengthen Oversight of Multibillion Dollar Investments in Operations and Maintenance

Why GAO Did This Study

Of the over $82 billion that federal agencies plan to spend on IT in fiscal year 2014, at least $59 billion is to be spent on O&M, which consists of legacy systems (i.e., steady state) and systems that are in both development and O&M (known as mixed life cycle). OMB calls for agencies to perform annual OAs, which are a key method for examining the performance of O&M investments.

GAO was asked to review IT O&M investments and agency use of OAs. The objectives of this report were to among other things (1) identify the federal IT O&M investments with the largest budgets, including their responsible agencies and how each investment supports its agency's mission; (2) determine the extent to which these investments have undergone OAs; and (3) assess whether the responsible agency's major IT investments are in development, mixed life cycle, or steady state. To do so, GAO focused on the 10 IT investments with the largest budgets in O&M and their responsible eight agencies, and assessed whether OAs were conducted on the investments. In addition, GAO evaluated what agencies spent on mixed, development, and O&M investments and whether agencies were using O&M funds for development activities.

What GAO Recommends

GAO is recommending that the seven agencies that did not perform OAs on their large IT O&M investments do so, and that DHS ensure that its OA is complete and addresses all OMB factors. Of the seven agencies, three agreed with GAO's recommendations; two partially agreed; and two had no comments. DHS agreed with the GAO recommendation to it.

View GAO-14-66. For more information, contact David A. Powner at (202) 512-9286 or pownerd@gao.gov.

What GAO Found

The 10 federal information technology (IT) operations and maintenance (O&M) investments with the largest budgets in fiscal year 2012—and the eight agencies that operate them—are identified by GAO in the table below. They support agencies by providing, for example, global telecommunications infrastructure and information transport services for the Department of Defense.

Of the 10 investments, only the Department of Homeland Security (DHS) investment underwent an operational analysis (OA)—a key performance evaluation and oversight mechanism required by the Office of Management and Budget (OMB) to ensure O&M investments continue to meet agency needs. DHS's OA addressed most factors that OMB calls for; it did not address three factors (e.g., comparing current cost and schedule against original estimates). DHS officials attributed these factors not being addressed to the department still being in the process of implementing its new OA policy. The remaining agencies did not assess their investments, which accounted for $7.4 billion in reported O&M spending. Agency officials cited several reasons for not doing so, including relying on budget submission and related management reviews that measure performance; however, OMB has noted that these are not a substitute for OAs. Until the agencies ensure their operational investments are assessed, there is a risk that they will not know whether these multibillion dollar investments fully meet intended objectives.

Department	Investment	O&M Budget fiscal year 2012[a] (in millions)	OA?
Department of Defense	Defense Information System Network	$1,813	No
Department of Defense	Next Generation Enterprise Network	1,394	No
Department of Energy	Consolidated Infrastructure, Office Automation, and Telecommunications Program	909	No
Department of Health and Human Services	National Institutes of Health IT Infrastructure	358	No
Department of Homeland Security	Customs and Border Protection Infrastructure	529	Yes
Department of the Treasury	Main Frames and Servers Services and Support	482	No
Department of Veterans Affairs	Medical IT Support	1,053	No
Department of Veterans Affairs	Enterprise IT Support	665	No
National Aeronautics and Space Administration	IT Infrastructure	458	No
Social Security Administration	Infrastructure Data Center	272	No

Source: GAO analysis of OMB and agency data.

[a]GAO assessed whether an OA had been performed for fiscal year 2012 because it was the last full year for completing OAs.

For the eight agencies in this review, the majority of their 401 major IT investments were mixed life cycle (i.e., having activities and systems that are in both development and O&M) with regard to total spending and number of investments. Specifically, 193 (48 percent) of the investments were mixed investments, accounting for about $18 billion (61 percent) of planned spending. As such, successful oversight of such investments should involve a combination of conducting OAs to address operational portions of an investment and establishing IT governance and program management disciplines to manage those portions under development. GAO's experience at the agencies and this report have identified agency inconsistencies in conducting OAs and establishing the capabilities that are key to effectively managing IT investments; accordingly, GAO has made prior recommendations to strengthen agency efforts in these areas.