GAO Highlights

Highlights of GAO-16-494, a report to congressional requesters

June 2016

IT DASHBOARD

Agencies Need to Fully Consider Risks When Rating Their Major Investments

Why GAO Did This Study

Although the government spends more than $80 billion in information technology (IT) annually, many of the investments have failed or have been troubled. In December 2014, provisions commonly referred to as the Federal Information Technology Acquisition Reform Act (FITARA) were enacted. Among other things, FITARA states that OMB shall make available to the public a list of each major IT investment including data on cost, schedule, and performance. OMB does so via the Federal IT Dashboard—its public website that reports on major IT investments, including ratings from CIOs which should reflect the level of risk facing an investment.

GAO's objectives were to (1) describe agencies' processes for determining CIO risk ratings for major federal IT investments primarily in development and (2) assess the risk of federal IT investments and analyze any differences with the investments' CIO risk ratings. To do so, GAO selected major IT investments with at least 80 percent of their fiscal year 2015 budget allocated to development (resulting in 95 investments across 15 agencies) and compared CIO rating processes to OMB guidance. GAO also analyzed data on those investments to create its own risk assessments.

What GAO Recommends

GAO is making 25 recommendations to 15 agencies to improve the quality and frequency of CIO ratings. Twelve agencies generally agreed with or did not comment on the recommendations and three agencies disagreed, stating their CIO ratings were adequate. GAO continues to believe these recommendations are valid.

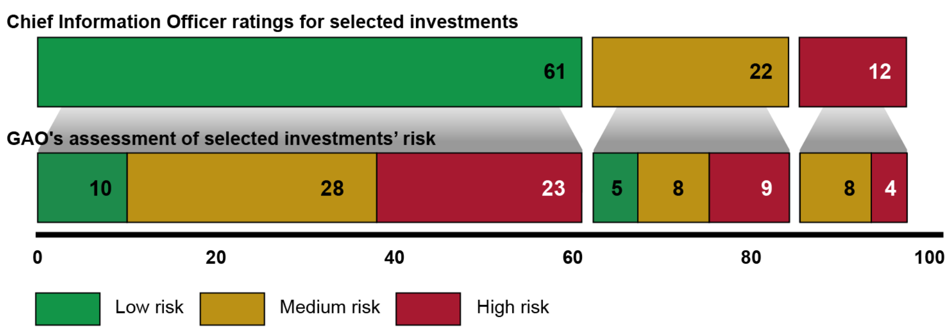
View GAO-16-494. For more information, contact David A. Powner at (202) 512-9286 or pownerd@gao.gov.

What GAO Found

Agencies determined investments' Chief Information Officer (CIO) ratings using a variety of processes, which included the Office of Management and Budget's (OMB) six suggested factors (including risk management, requirements management, and historical performance). Specifically, all 17 selected agencies incorporated at least two of OMB's factors into their risk rating processes and 9 used all of the factors. However, agencies' interpretations of these factors varied. For example, most agencies considered active risks, such as funding cuts or staffing changes, when rating investments, but others only evaluated compliance with the agency's risk management processes. Further, 13 agencies required monthly updates to CIO ratings as does OMB (as of June 2015), 1 agency scheduled its reviews based on risk, and 3 agencies required updates less often than on a monthly basis.

GAO's assessments generally showed more risk than the associated CIO ratings. In particular, of the 95 investments assessed, GAO's assessments matched the CIO ratings 22 times, showed more risk 60 times, and showed less risk 13 times (see graphic).

Comparison of Selected Investments' Chief Information Officer Ratings to GAO Assessments



Source: GAO's assessment of data from the Office of Management and Budget's Information Technology Dashboard. | GAO-16-494

Aside from the inherent judgmental nature of risk ratings, three issues contributed to these differences:

- Forty of the 95 CIO ratings were not updated during the month GAO reviewed, which led to more differences between GAO's assessments and the CIOs' ratings. This underscores the importance of frequent rating updates, which help to ensure that the information on the Dashboard is timely and accurately reflects recent changes to investment status.
- Three agencies' rating processes span longer than 1 month. Longer processes mean that CIO ratings are based upon older data and may not reflect the current level of investment risk.
- Seven agencies' rating processes did not focus on active risks. According to OMB's guidance, CIO ratings should reflect the CIO's assessment of the risk and the investment's ability to accomplish its goals. CIO ratings that do not incorporate active risks increase the chance that ratings overstate the likelihood of investment success.