

GAO Highlights

Highlights of [GAO-16-672T](#), a testimony before the Subcommittees on Government Operations and Information Technology, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

The federal government plans to invest more than \$89 billion on IT in fiscal year 2017. Historically, these investments have frequently failed, incurred cost overruns and schedule slippages, or contributed little to mission-related outcomes. Accordingly, in December 2014, IT reform legislation was enacted into law, aimed at improving agencies' acquisition of IT. Further, in February 2015, GAO added improving the management of IT acquisitions and operations to its high-risk list—a list of agencies and program areas that are high risk due to their vulnerabilities to fraud, waste, abuse, and mismanagement, or are most in need of transformation. Between fiscal years 2010 and 2015, GAO made about 800 recommendations related to this high-risk area to OMB and agencies. As of May 2016, about 33 percent of these had been implemented.

This statement primarily summarizes: (1) GAO's published work on data center consolidation, and (2) GAO's draft reports on the risk of major investments as reported on the IT Dashboard and the implementation of incremental development practices. These draft reports with recommendations are currently with applicable agencies for comment.

What GAO Recommends

GAO has previously made numerous recommendations to OMB and federal agencies to improve the oversight and execution of the data center consolidation initiative, the accuracy and reliability of the IT Dashboard, and incremental development policies. Most agencies agreed with GAO's recommendations or had no comment.

View [GAO-16-672T](#). For more information, contact David A. Powner at (202) 512-9286 or pownerd@gao.gov.

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INFORMATION TECHNOLOGY

OMB and Agencies Need to Focus Continued Attention on Implementing Reform Law

What GAO Found

The Office of Management and Budget (OMB) and agencies have taken steps to improve federal information technology (IT) through a series of initiatives; however, additional actions are needed.

- **Consolidating data centers.** In an effort to reduce the growing number of data centers, OMB launched a consolidation initiative in 2010. GAO recently reported that agencies had closed 3,125 of the 10,584 total data centers and achieved \$2.8 billion in cost savings and avoidances through fiscal year 2015. Agencies are planning a total of about \$8.2 billion in savings and avoidances through fiscal year 2019. However, these planned savings may be higher because 10 agencies had not fully developed their planned savings goals. In addition, agencies made limited progress against OMB's fiscal year 2015 data center optimization performance targets, such as the utilization of data center facilities. GAO recommended that the agencies take action to complete their cost savings targets and improve optimization progress. Most agencies agreed with the recommendations or had no comment.
- **Enhancing transparency.** OMB's IT Dashboard provides detailed information on major investments at federal agencies, including ratings from Chief Information Officers (CIO) that should reflect the level of risk facing an investment. In a draft report, GAO's assessments of the risk ratings showed more risk than the associated CIO ratings. In particular, of the 95 investments reviewed, GAO's assessments matched the CIO ratings 22 times, showed more risk 60 times, and showed less risk 13 times. Several issues contributed to these differences, such as ratings not being updated frequently. In its draft report, GAO is recommending that agencies improve the quality and frequency of their CIO ratings.
- **Implementing incremental development.** An additional key reform initiated by OMB has emphasized the need to deliver investments in smaller parts, or increments, in order to reduce risk and deliver capabilities more quickly. Since 2012, OMB has required investments to deliver functionality every 6 months. In a draft report, GAO determined that 22 agencies reported that 64 percent of 469 active software development projects had plans to deliver usable functionality every 6 months for fiscal year 2016. Further, for seven selected agencies, GAO identified significant differences in the percentage of software projects delivering every 6 months reported to GAO compared to what was reported on the IT Dashboard. For example, the percentage of software projects reported to GAO by the Department of Commerce decreased by about 42 percentage points from what was reported on the IT Dashboard. These differences were due, in part, to agencies having different interpretations of OMB's guidance on reporting software development projects. In its draft report, GAO is recommending that OMB and agencies improve the use of incremental development.