



November 2018

INFORMATION TECHNOLOGY

Departments Need to Improve Chief Information Officers' Review and Approval of IT Budgets

GAO Highlights

Highlights of [GAO-19-49](#), a report to congressional requesters

Why GAO Did This Study

In December 2014, Congress enacted FITARA, which was intended to improve covered agencies' acquisitions of IT. FITARA also provided an opportunity to strengthen the authority of CIOs to provide needed direction and oversight of agencies' IT budgets.

GAO was asked to review whether CIOs' IT budgeting practices are consistent with FITARA and OMB's implementing guidance. This report addresses the extent to which selected federal agencies (1) established policies and procedures that address IT budgeting requirements, (2) could demonstrate that they had developed fiscal year 2017 IT budgets for sampled investments consistent with FITARA and OMB guidance, and (3) implemented processes to ensure that annual IT budgets are informed by reliable cost information.

GAO selected four departments to review. These departments had the two highest and the two lowest average initial self-assessments scores of compliance with OMB's FITARA guidance, as well as a fiscal year 2017 IT budget of at least \$1 billion. Within each of the departments, GAO also selected the component agencies with the largest fiscal year 2017 IT budget. For each selected department and component agency, GAO reviewed relevant IT budget policies and procedures, analyzed a sample of major and non-major investment proposals against key OMB requirements, and determined whether selected departments captured government labor costs, among other things.

View [GAO-19-49](#). For more information, contact Carol C. Harris at (202) 512-4456 or harriscc@gao.gov.

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What GAO Found

The departments GAO reviewed—the Departments of Energy (DOE), Health and Human Services (HHS), Justice (DOJ), and the Treasury (Treasury)—took steps to establish policies and procedures that align with eight selected Office of Management and Budget (OMB) requirements intended to implement information technology (IT) acquisition reform legislation (commonly referred to as the Federal Information Technology Acquisition Reform Act, or FITARA) and to provide the chief information officer (CIO) visibility into and oversight over the IT budget. For example, of the eight OMB requirements, all four departments had established policies and procedures related to the level of detail with which IT resources are to be described in order to inform the CIO during the planning and budgeting processes. Agencies varied, however, as to how fully they had established policies and procedures related to some other OMB requirements, and none of the four departments had yet established procedures for ensuring that the CIO had reviewed whether the IT portfolio includes appropriate estimates of all IT resources included in the budget request. (See table.)

Evaluation of Selected Departments' Policies and Procedures for Key Information Technology (IT) Budgeting Requirements

Selected Office of Management and Budget (OMB) requirement	DOE	HHS	DOJ	Treasury
1. Establish the level of detail with which IT resources are to be described in order to inform the Chief Information Officer (CIO) during the planning and budgeting processes.	●	●	●	●
2. Establish agency-wide policy for the level of detail with which planned expenditures for all transactions that include IT resources are to be reported to the CIO.	◐	◐	◐	◐
3. Include the CIO in the planning and budgeting stages for programs that are supported with IT resources.	◐	◐	●	◐
4. Include the CIO as a member of governance boards that inform decisions regarding all IT resources, including component-level governance boards.	◐	◐	◐	◐
5. Document the processes by which program leadership works with the CIO to plan an overall portfolio of IT resources.	◐	◐	●	●
6. Ensure the CIO has reviewed and approved the major IT investments portion of the budget request.	◐	◐	●	◐
7. Ensure the CIO has reviewed IT resources that are to support major program objectives and significant increases and decreases in IT resources.	○	○	●	●
8. Ensure the CIO has reviewed whether the IT portfolio includes appropriate estimates of all IT resources included in the budget request.	○	○	○	○

●= The department provided documentation that satisfied all of the OMB requirement. ◐= The department provided documentation that satisfied most, but not all of the OMB requirement. ○= The department could not provide documentation that satisfied any of the OMB requirement.

Departments: DOE = Department of Energy, HHS = Department of Health and Human Services, DOJ = Department of Justice, Treasury = Department of the Treasury

Source: GAO analysis of department data. | GAO-19-49

What GAO Recommends

GAO is making 43 recommendations to the eight selected departments and component agencies to address gaps in their IT budgeting policies and procedures, demonstrate implementation of OMB requirements, and establish procedures to ensure IT budgets are informed by reliable cost information. HHS, the Centers for Medicare and Medicaid Services, DOJ, the Federal Bureau of Investigation, and the Internal Revenue Service agreed with our recommendations. DOE partially agreed with one recommendation and agreed with the other recommendations made to it, as well as with the recommendations made to its component agency—the National Nuclear Security Administration. Treasury neither agreed nor disagreed with the recommendations.

Where the departments had not fully established policies and procedures, it was due, in part, to having not addressed in their FITARA implementation and delegation plans how they intended to implement the OMB requirements. Until departments develop comprehensive policies and procedures that address IT budgeting requirements established by OMB, they risk inconsistently applying requirements that are intended to facilitate the CIO's oversight and approval of the IT budget.

Departments varied in the extent to which they could demonstrate implementation of key IT budgeting requirements when developing fiscal year 2017 funding requests for sampled investments. Specifically, while DOJ demonstrated that it had fully implemented the selected requirements for the majority of the investments GAO sampled, HHS and Treasury partially demonstrated implementation for a majority of the sampled investments, and DOE could not demonstrate implementation for the majority of the sampled investments. For example, DOE, HHS, and Treasury were not able to fully show that their CIOs had reviewed whether estimates of IT resources included in the budget request were appropriate for two of their respective departments' largest fiscal year 2017 IT investments. Departments often could not demonstrate that they had implemented selected IT budgeting requirements at the investment level because they had not established comprehensive policies and procedures that required them to do so. As a result, departments could not show that CIOs were sufficiently involved in planning fiscal year 2017 IT expenditures at the individual investment level.

All four selected departments lacked quality assurance processes for ensuring their IT budgets were informed by reliable cost information. Specifically, the selected departments did not have IT capital planning processes for (1) ensuring government labor costs have been accurately reported, (2) aligning contract costs with IT investments, and (3) utilizing budget object class data to capture all IT programs. This resulted in billions of dollars in requested IT expenditures without departments having comprehensive information to support those requests, and nearly \$4.6 billion in IT contract spending that was not explicitly aligned with investments in selected departments' IT portfolios. This was due to a lack of processes for periodically reviewing data quality and estimation methods for government labor estimates, as well as a lack of mechanisms to cross-walk IT spending data in their procurement and accounting systems with investment data in their IT portfolio management systems. In August 2017, OMB developed a new approach of using a standard set of categories to group IT spending that, if properly implemented, has the potential to provide departments and CIOs enhanced visibility into IT costs across the portfolio. Nevertheless, until departments establish processes for assessing or otherwise ensuring the quality of relevant IT cost data used to inform their IT budgets, department CIOs will have less assurance that their budget includes appropriate and comprehensive estimates of IT resources.

Contents

Letter		1
	Background	6
	Departments Took Steps to Establish Policies and Procedures for IT Budgeting, but Lacked Plans to Fully Implement FITARA Requirements	9
	Selected Departments Demonstrated Mixed Implementation of IT Budgeting Requirements in Developing Fiscal Year 2017 Budgets for a Sample of Investments	19
	Departments Lacked Processes for Ensuring That Their IT Budgets Are Informed by Reliable Costs; the Administration Has Introduced an Initiative to Improve Cost Visibility	28
	Conclusions	35
	Recommendations for Executive Action	36
	Agency Comments and Our Evaluation	43
Appendix I	Objectives, Scope, and Methodology	47
Appendix II	Department of Energy Detailed Analysis	55
Appendix III	Department of Health and Human Services Detailed Analysis	59
Appendix IV	Department of Justice Detailed Analysis	65
Appendix V	Department of the Treasury Detailed Analysis	69
Appendix VI	Comments from the Department of Health and Human Services	74
Appendix VII	Comments from the Internal Revenue Service	80

Appendix VIII	Comments from the Department of Energy	82
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Appendix IX	GAO Contact and Staff Acknowledgments	89
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Tables

Table 1: Eight Selected Office of Management and Budget (OMB) Common Baseline Requirements Related to the Chief Information Officer's (CIO) Information Technology (IT) Budgeting Responsibilities	9
Table 2: Five Selected Office of Management and Budget (OMB) Common Baseline Requirements Related to Information Technology (IT) Budgeting for Individual Investments	20
Table 3: Selected Departments' Proposed Fiscal Year 2017 Information Technology (IT) Investments That Did Not Include Estimated Government Labor Costs	29
Table 4: Information Technology (IT) Contracts That Were Not Aligned with Investments in Selected Departments' Fiscal Year 2017 IT Budget Request	31
Table 5: Extent to Which Policies and Procedures Addressed Selected Office of Management and Budget (OMB) Common Baseline Requirements for Implementing the Federal Information Technology Acquisition Reform Act (FITARA)—Department of Energy (DOE) and National Nuclear Security Administration (NNSA)	55
Table 6: Extent to Which the Department of Energy (DOE) and National Nuclear Security Administration (NNSA) Implemented Selected Office of Management and Budget (OMB) Common Baseline Requirements for Implementing the Federal Information Technology Acquisition Reform Act (FITARA) in Developing Fiscal Year 2017 Budgets for Sampled Investments	57
Table 7: Extent to Which Policies and Procedures Addressed Selected Office of Management and Budget (OMB) Common Baseline Requirements for Implementing the Federal Information Technology Acquisition Reform Act (FITARA)—Department of Health and Human Services (HHS) and the Centers for Medicare and Medicaid Services (CMS)	59

Table 8: Extent to Which the Department of Health and Human Services (HHS) and the Centers for Medicare and Medicaid Services (CMS) Implemented Selected Office of Management and Budget (OMB) Common Baseline Requirements for Implementing the Federal Information Technology Acquisition Reform Act (FITARA) in Developing Fiscal Year 2017 Budgets for Sampled Investments	61
Table 9: Extent to Which Policies and Procedures Addressed Selected Office of Management and Budget (OMB) Common Baseline Requirements for Implementing the Federal Information Technology Acquisition Reform Act (FITARA)—Department of Justice (DOJ) and Federal Bureau of Investigation (FBI)	65
Table 10: Extent to Which the Department of Justice (DOJ) and Federal Bureau of Investigation (FBI) Implemented Selected Office of Management and Budget (OMB) Common Baseline Requirements for Implementing the Federal Information Technology Acquisition Reform Act (FITARA) in Developing Fiscal Year 2017 Budgets for Sampled Investments	66
Table 11: Extent to Which Policies and Procedures Addressed Selected Office of Management and Budget (OMB) Common Baseline Requirements for Implementing the Federal Information Technology Acquisition Reform Act (FITARA)—Department of the Treasury (Treasury) and Internal Revenue Service (IRS)	69
Table 12: Extent to Which the Department of the Treasury (Treasury) and Internal Revenue Service (IRS) Implemented Selected Office of Management and Budget (OMB) Common Baseline Requirements for Implementing the Federal Information Technology Acquisition Reform Act (FITARA) in Developing Fiscal Year 2017 Budgets for Sampled Investments	71

Figures

Figure 1: Extent to Which Department and Component Agency Policies and Procedures Addressed Eight Selected Office of Management and Budget (OMB) Common Baseline Requirements For Implementing the Federal Information Technology (IT) Acquisition Reform Act (FITARA)	12
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Figure 2: Extent to Which Selected Departments and Components Demonstrated Implementation of the Five Office of Management and Budget (OMB) Common Baseline Requirements Related to Information Technology (IT) Budgeting in the Development of Fiscal Year 2017 Budgets for a Sample of Investments	21
Figure 3: The Office of Management and Budget (OMB) Information Technology (IT) Planned Cost Categories for IT Budget Reporting	34

Abbreviations

CIO	chief information officer
CMS	Centers for Medicare and Medicaid Services
DOE	Department of Energy
DOJ	Department of Justice
FBI	Federal Bureau of Investigation
FITARA	Federal Information Technology Acquisition Reform Act
HHS	Department of Health and Human Services
IRS	Internal Revenue Service
IT	information technology
NNSA	National Nuclear Security Administration
OMB	Office of Management and Budget
Treasury	Department of the Treasury

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November 13, 2018

Congressional Requesters

Information systems are critical to the health, economy, and security of the nation. Toward this end, the President’s fiscal year 2018 budget estimated that, for information technology (IT), the federal government had invested approximately \$94 billion in fiscal year 2017 and expected to invest approximately \$96 billion in fiscal year 2018—the largest amount ever. However, as we have previously reported, prior IT expenditures have too often produced failed projects—that is, projects with multimillion dollar cost overruns and schedule delays measured in years, and with questionable mission-related achievements.¹

Moreover, the President’s Management Agenda has pointed out that federal executives have been challenged by the lack of visibility into, and accuracy of IT spending data. In this regard, the agenda noted that 84 percent of the federal IT budget was assigned to the spending category of “other,” and was not tied to a specific category of IT spending.² The Administration stated that this lack of granularity makes it difficult to baseline federal IT investments and show the public whether the government is spending taxpayer dollars effectively in order to drive the large-scale change needed to improve business transformation and citizen services.

Recognizing the severity of issues related to the government-wide management of IT, in December 2014, Congress enacted IT acquisition reform legislation (commonly referred to as the Federal Information Technology Acquisition Reform Act, or FITARA) as part of the Carl Levin and Howard P. ‘Buck’ McKeon National Defense Authorization Act for Fiscal Year 2015.³ FITARA was intended to improve covered agencies’ acquisitions of IT and enable Congress to monitor their progress, as well

¹GAO, *Information Technology: Agencies Need to Involve Chief Information Officers in Reviewing Billions of Dollars in Acquisitions*, [GAO-18-42](#) (Washington, D.C.: Jan. 10, 2018).

²President’s Management Council and Executive Office of the President, *President’s Management Agenda* (Washington, D.C.: Mar. 20, 2018).

³*Carl Levin and Howard P. ‘Buck’ McKeon National Defense Authorization Act for Fiscal Year 2015*, Pub. L. No. 113-291, division A, title VIII, subtitle D, 128 Stat. 3292, 3438-50 (Dec. 19, 2014).

as hold those agencies accountable for reducing duplication and achieving cost savings. In addition, with the enactment of FITARA, the federal government is to strengthen the authority of chief information officers (CIO) to provide needed direction and oversight of covered agencies' IT budgets. Among other things, FITARA requires the CIOs of certain major civilian agencies to have a significant role in the decision processes for all annual and multi-year planning and to approve the IT budget requests of the agencies.

In June 2015, the Office of Management and Budget (OMB) released FITARA guidance (referred to as the "common baseline"). The common baseline describes how covered agencies are to implement the requirements of the law through the use of management controls, including controls related to the development of IT budgets.⁴

With these requirements in mind, you asked us to determine whether CIOs' IT budgeting practices are consistent with FITARA and implementing guidance. This report examines the extent to which selected federal agencies (1) established policies and procedures that address the IT budgeting requirements of FITARA and related OMB IT budget guidance, (2) could demonstrate that they had developed fiscal year 2017 IT budgets for sampled investments consistent with FITARA and OMB guidance, and (3) implemented processes to ensure that annual IT budgets are informed by reliable cost information.

To address our objectives, we selected four departments to review. First, we identified a subset of the 24 agencies covered by the Chief Financial Officers Act that had a fiscal year 2017 IT budget request of at least \$1

⁴OMB, *Management and Oversight of Federal Information Technology*, M-15-14 (Washington, D.C.: June 10, 2015). According to OMB, the common baseline is to provide guidance on the CIO's and other senior agency officials' roles and responsibilities for the management of IT, provide a framework for agencies to implement the specific authorities that FITARA provides for Chief Financial Officers Act agency CIOs, and build upon responsibilities outlined in the Clinger-Cohen Act of 1996.

billion.⁵ From this subset, we then identified the four agencies having the two highest and the two lowest average initial FITARA self-assessment scores (which reflected the extent to which the agencies had reported implementing the specific requirements called for in the act's provisions).⁶ In the event that one or more agencies had the same average self-assessment scores, we selected the agency with the largest fiscal year 2017 IT budget. Based on these criteria, we selected four departments for our review: (1) the Department of Energy (DOE), (2) the Department of Health and Human Services (HHS), (3) the Department of Justice (DOJ), and (4) the Department of the Treasury (Treasury).

In addition, for each of these four departments, we selected the component agency that had the largest fiscal year 2017 IT budget request. The component agencies within the four selected departments were: (1) the National Nuclear Security Administration (NNSA) within DOE, (2) the Centers for Medicare and Medicaid Services (CMS) within HHS, (3) the Federal Bureau of Investigation (FBI) within DOJ, and (4) the Internal Revenue Service (IRS) within Treasury.

For the first objective, we compared the selected departments' IT budgeting and capital planning policies and procedures to those

⁵The 24 agencies covered by the Chief Financial Officers Act are the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, Justice, Labor, State, Transportation, Treasury, and Veterans Affairs as well as the U.S. Agency for International Development, Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, National Science Foundation, Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, and Social Security Administration. As relevant here, FITARA defines a covered agency as the Chief Financial Officers Act agencies. For this review, we excluded the Department of Defense because it is not required to adhere to the relevant FITARA budgeting requirements and related OMB guidance. We also excluded the Department of Homeland Security because it was being examined as part of another ongoing GAO review of FITARA implementation at the agency.

⁶Each agency was required to assess its conformity with requirements in OMB's FITARA implementation guidance by conducting a FITARA self-assessment. These self-assessments were scored based on the extent to which agencies had reported implementing the specific requirements called for in the act's provisions. A score of 1 meant that the agency had not started a development plan to implement the requirement, a score of 2 meant that the agency had a development plan in progress, and a score of 3 meant that the agency had developed and implemented its plan to address the requirement. The Department of Energy's initial average self-assessment score within the budget formulation category of OMB's common baseline was 1.5 out of 3.0, the Department of Health and Human Services's was 2.0 out of 3.0, the Department of the Treasury's was 2.8 out of 3.0, and the Department of Justice's was 3.0 out of 3.0.

requirements in OMB's FITARA guidance that related to developing IT budgets.⁷ In selecting the requirements, we reviewed 10 areas within OMB's common baseline that related to budget formulation and execution, and selected 8 requirements—such as including the CIO in the planning and budgeting stages for programs that are fully or partially supported with IT resources—that, in our professional judgment, would significantly impact the development and approval of departments' annual IT budgets.

We also assessed selected component agencies' IT budgeting and capital planning policies and procedures in cases where the department had delegated the responsibility for performing the requirement to its components. Of the four departments we reviewed, three departments—DOE, HHS, and Treasury—had delegated the responsibility to component agencies for performing certain IT budgeting and capital planning requirements.

With regard to the second objective, we determined whether the departments had implemented key IT budgeting requirements for a non-generalizable sample of investments in their fiscal year 2017 budget formulation. In doing so, we chose 16 investments—the largest major and non-major investments⁸ at the department level and the largest major and non-major investments at the component level—based on the selected departments' fiscal year 2017 IT budget requests.⁹

We then reviewed investment-related IT budget formulation artifacts—such as briefings, reports, meeting minutes, memorandums, and other relevant documentation—for the sampled major and non-major investments at each of the departments and component agencies

⁷OMB, *Management and Oversight of Federal Information Technology*, M-15-14 (Washington, D.C.: June 10, 2015).

⁸According to OMB, a major IT investment is one that requires special management attention because of its importance to the mission or function to the government; has significant program or policy implications; has high executive visibility; has high development, operating, or maintenance costs; has an unusual funding mechanism; or is otherwise defined as major by the agency's capital planning and investment control process. Investments not considered major are non-major.

⁹We sampled the largest major and non-major investment at the department level and the largest major and non-major investment within the largest component based on the selected agencies' fiscal year 2017 IT budget request. We did not include in our sample investments that were categorized as "grants to states and local IT investment" because OMB's common baseline requirements were not applicable to such investments.

included in our review. We compared this documentation to the actions agencies should have taken to implement five of the eight selected requirements from the first objective. We focused on these five requirements because, based on our professional judgment, the actions taken to implement these requirements could be observed for individual investments, such as whether the CIO was included in the planning and budgeting stages for investments with IT resources.

To address the third objective, we assessed the departments' efforts to develop their fiscal year 2017 budget with reliable cost information by comparing the selected departments' IT capital planning and budgeting processes against three best practices (from among others) that we and the International Organization for Standardization have identified: capturing government labor costs, aligning contract costs with investments, and utilizing budget object class data.¹⁰ We selected these three practices because of their potential to inform the development of a complete and accurate IT budget for a federal department.

We then reviewed, for each selected department, government labor estimates and contract-related information in the 2017 budget submission reported on the Federal IT Dashboard, contract obligation data reported within the Federal Procurement Data System-Next Generation, documentation identifying the department's budget object classes, and each selected department's IT capital planning policies and procedures.¹¹

¹⁰GAO, *Results-Oriented Budget Practices in Federal Agencies*, [GAO-01-1084SP](#) (Washington, D.C.: Aug. 2001); *Information Technology Investment Management: A Framework for Assessing and Improving Process Maturity*, Ver. 1.1, [GAO-04-394G](#) (Washington, D.C.: Mar. 2004); *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, [GAO-09-3SP](#) (Washington, D.C.: Mar. 2009); and International Organization for Standardization, *ISO/IEC 20000-1:2011, Information technology—Service management—Part 1: Service management system requirements* (Geneva, Switzerland: Apr. 15, 2011); and *ISO/IEC 20000-2:2012, Information technology — Service management — Part 2: Guidance on the application of service management systems* (Geneva, Switzerland: Feb. 15, 2012). ©ISO. This material is reproduced from ISO/IEC 20000-1: 2011 and 20000-2:2012 with permission of the American National Standards Institute (ANSI) on behalf of the International Organization for Standardization. The complete standards can be purchased from ANSI at <https://webstore.ansi.org>. All rights reserved.

¹¹The Federal Procurement Data System-Next Generation collects information on contract actions. Federal agencies are responsible for ensuring that the information reported to the system is complete and accurate. We also assessed the reliability of the data by performing electronic testing of selected data elements and reviewing existing information about the system and the data it produces. We determined that the data were sufficiently reliable for our purposes. The system can be accessed at <https://www.fpds.gov>.

We analyzed each department's IT investment proposals and capital planning procedures to determine whether the department was capturing government labor costs for each investment, aligning contract costs with investments, and utilizing budget object class data to inform its IT budget formulation.

We supplemented our analyses with interviews of relevant officials in the selected departments' offices of the CIO and Chief Financial Officer, as well as program offices. These interviews included discussions of our observations of any shortfalls in their processes. A full description of our objectives, scope, and methodology can be found in appendix I.

We conducted this performance audit from January 2017 to November 2018 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.

Background

In addition to improving the government-wide acquisition of IT, FITARA was intended to assist Congress in holding covered agencies accountable for their progress towards reducing duplication and achieving cost savings. The act also enhanced the CIO's authority in covered agencies for the formulation and approval of their agency's IT budgets.¹² In this regard, the act requires CIOs to have a significant role in the decision processes for all annual and multi-year planning, and to approve the IT budget requests of the agency.

In June 2015, OMB released guidance that describes how agencies are to implement the requirements of FITARA.¹³ The guidance is intended to, among other things:

- assist agencies in aligning their IT resources with statutory requirements;

¹²The provisions apply to the agencies covered by the Chief Financial Officers Act of 1990, 31 U.S.C. § 901(b). However, FITARA has generally limited application to the Department of Defense.

¹³OMB, *Management and Oversight of Federal Information Technology*, M-15-14 (Washington, D.C.: June 10, 2015).

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- establish government-wide IT management controls that will meet the law's requirements, while providing agencies with flexibility to adapt to unique agency processes and requirements;
 - strengthen the relationship between agency CIOs and component CIOs; and
 - strengthen the CIO's accountability for IT costs, schedules, performance, and security.

The guidance identifies a number of actions that agencies are to take to establish a basic set of roles and responsibilities (the common baseline) for CIOs and other senior agency officials. One such action is that agencies are to conduct a self-assessment to determine whether their current policies and procedures meet or do not meet the common baseline requirements. If the agencies do not meet the requirements, they are to submit an implementation plan describing the changes they intend to make to their policies and procedures in order to ensure that the common baseline requirements are met. Further, the guidance notes that senior agency officials—including Chief Financial Officers and Chief Acquisition Officers—are to work in partnership to facilitate successful implementation of the common baseline and to ensure the CIO is a strategic partner in agency strategies, budgets, and operations.

In its guidance, OMB states that agency CIOs are allowed to delegate certain responsibilities from the common baseline to other agency officials, such as component agency CIOs. For example, CIOs can delegate to these officials, inclusion in the planning, programming, and budgeting stages for programs with IT resources. However, according to the guidance, agency CIOs cannot delegate their responsibility for reviewing and approving the major IT investments portion of the budget request. The guidance further states that, for delegated responsibilities, agency CIOs are to establish plans that demonstrate how they will retain accountability. These delegation plans should include procedures for ensuring that the delegated official will execute the responsibility with the appropriate level of rigor.

In addition to the FITARA implementation guidance, OMB Circular A-130 establishes general requirements for the planning; budgeting; governance; acquisition; and management of federal information, personnel, equipment, funds, IT resources, and supporting infrastructure

and services.¹⁴ The circular identifies responsibilities for planning, programming, and budgeting that reinforce requirements in OMB's FITARA implementation guidance.

Moreover, in May 2018 the President issued an executive order that reinforces requirements in OMB's FITARA implementation guidance.¹⁵ The order noted that its purpose was to further enhance the effectiveness of CIOs by, among other things, requiring agency heads to ensure that the CIO has a significant role in all IT-related annual and multi-year planning, programming, budgeting, and execution decisions. In addition, the executive order noted that agency heads are to direct the CIO to be a voting member of and to chair agency governance boards, including investment review boards, that have purview over IT or that set agency-wide IT standards.

We have previously testified that, while agencies have made progress in implementing FITARA, its further implementation is critical to improving IT management.¹⁶ We have also noted that, continued congressional oversight of agencies' implementation of this law is essential to help ensure that these efforts succeed.¹⁷

In addition, in an August 2018 report, we noted that 23 federal agencies had reported wide variations in the authority over component-level IT spending.¹⁸ For example, 8 agencies reported that the CIO had 100 percent authority over the agencies' IT spending (including for components), while 10 agencies reported that these officials had authority for less than 50 percent of such spending. These widely varying levels of authority over agency-wide IT spending existed, in part, because OMB's guidance did not completely define the authority that CIOs should have over this spending. Accordingly, we recommended that OMB define the

¹⁴OMB, Circular A-130, *Managing Information as a Strategic Resource* (July 28, 2016).

¹⁵Executive Order 13833, *Enhancing the Effectiveness of Agency Chief Information Officers* (May 15, 2018).

¹⁶GAO, *Information Technology: Further Implementation of FITARA Related Recommendations Is Needed to Better Manage Acquisitions and Operations*, [GAO-18-234T](#) (Washington, D.C.: Nov. 15, 2017).

¹⁷[GAO-18-234T](#).

¹⁸GAO, *Federal Chief Information Officers, Critical Actions Needed to Address Shortcomings and Challenges in Implementing Responsibilities*, [GAO-18-93](#) (Washington, D.C.: Aug. 2, 2018).

authority that the CIOs are to have when agencies report on their authority over IT spending. OMB subsequently agreed with our recommendation.

Departments Took Steps to Establish Policies and Procedures for IT Budgeting, but Lacked Plans to Fully Implement FITARA Requirements

As previously mentioned, OMB’s guidance on implementing FITARA requires departments to develop policies and procedures to address a number of requirements identified in the basic set of roles and responsibilities (the common baseline) for CIOs. These include the eight selected common baseline requirements related to the CIO’s responsibility for IT budgeting. As identified in table 1, these requirements can be categorized into three areas: (1) CIO visibility into IT resources, (2) CIO input into IT resource plans, and (3) CIO review and approval of IT budgets.

Table 1: Eight Selected Office of Management and Budget (OMB) Common Baseline Requirements Related to the Chief Information Officer’s (CIO) Information Technology (IT) Budgeting Responsibilities

Category	Requirement
CIO visibility into IT resources	1. Establish the level of detail with which IT resources are to be described in order to inform the CIO during the planning and budgeting processes. ^a
	2. Establish agency-wide policy for the level of detail with which planned expenditures for all transactions that include IT resources are to be reported to the CIO.
CIO input into IT resource plans	3. Include the CIO in the planning and budgeting stages for programs that are fully or partially supported with IT resources.
	4. Include the CIO as a member of governance boards that inform decisions regarding all IT resources, including component-level governance boards.
	5. Document the processes by which program leadership works with the CIO to plan an overall portfolio of IT resources.
CIO review and approval of IT budgets	6. Ensure the CIO has reviewed and approved the major IT investments portion of the budget request.
	7. Ensure the CIO has reviewed IT resources that are to support major program objectives and significant increases and decreases in IT resources.
	8. Ensure the CIO has reviewed whether the IT portfolio includes appropriate estimates of all IT resources included in the budget request.

Source: GAO analysis of OMB guidance. | GAO-19-49

^aOMB did not specify where IT resources are to be described in agencies’ planning and budgeting processes, but noted that the descriptions of IT resources are to be a primary input into the capital planning and investment control documents submitted with the budget. The Administration expects to align all federal agencies’ IT budget reporting to pre-defined resource categories by September 2019.

OMB required federal agencies and departments to establish FITARA implementation plans that articulated policies and procedures for addressing each of the common baseline requirements and that described changes the departments intended to make to address any gaps in their policies and procedures. Further, for delegated responsibilities, OMB required agency CIOs to establish delegation plans that demonstrate how they intend to retain accountability for the requirement and ensure that the delegated official will execute the responsibility with the appropriate level of rigor.

Toward this end, the selected departments had taken steps to establish policies and procedures that addressed the common baseline requirements established by OMB; however, most of the departments, or their component agencies, lacked comprehensive policies and procedures that fully addressed all of the requirements.¹⁹ Specifically, of the eight common baseline requirements that we reviewed, all four departments and their respective component agencies had fully documented one requirement in their policies and procedures, and either had partially documented or had not documented the other seven requirements. While shortfalls existed for each department, DOJ had the most comprehensive IT budgeting policies and procedures, followed by Treasury, HHS, and DOE, respectively.

In addition, department CIOs at Treasury, HHS, and DOE had delegated many of the responsibilities for addressing the IT budgeting requirements to component CIOs—thus, these component agencies were to supplement their departments' policies and procedures with their own IT budgeting policies and procedures for the responsibilities they were delegated.²⁰

Among the three respective component agencies to which Treasury, HHS, and DOE had delegated IT budgeting responsibilities, the extent to which the components had documented requirements in their policies and procedures varied. For example, IRS had documented policies and

¹⁹If a department delegated the responsibility for carrying out a requirement to their component agencies, we assessed whether the department's component had established policies and procedures for the requirement. At the department level, we assessed whether the agency had quality assurance processes in place to ensure that the delegated responsibilities were being carried out.

²⁰DOJ's largest component—FBI—had not been delegated responsibility for the IT budgeting requirements that we reviewed.

procedures for all four of its delegated requirements. In addition, CMS had documented policies and procedures that satisfied two, partially satisfied two, and did not satisfy one of the five requirements delegated to that component. For its part, NNSA had not documented any of its five delegated requirements in the component's policies and procedures.

Figure 1 illustrates the extent to which all four departments' policies and procedures had addressed the selected OMB common baseline requirements, and is followed by a discussion of each category of requirement. In addition, the figure highlights areas where component agencies addressed their delegated responsibilities or did not address their delegated responsibilities. Appendices II through V (for DOE, HHS, DOJ, and Treasury, respectively) provide additional details about our assessment of the extent to which the departments' policies and procedures had addressed the selected OMB common baseline requirements, as well as the extent to which component agencies fulfilled their delegated responsibilities.

Figure 1: Extent to Which Department and Component Agency Policies and Procedures Addressed Eight Selected Office of Management and Budget (OMB) Common Baseline Requirements For Implementing the Federal Information Technology (IT) Acquisition Reform Act (FITARA)

Departments are responsible for developing policies and procedures that address each of the OMB common baseline requirements. OMB allowed the department CIOs to delegate responsibilities from the common baseline to component CIOs. For each delegated responsibility, department CIOs were to establish delegation plans that demonstrate how they will retain accountability and ensure that the delegated official will execute the responsibility with the appropriate level of rigor.

Selected OMB common baseline requirements	Department	DOE	HHS	DOJ	Treasury
	Component	NNSA	CMS	FBI	IRS
Chief Information Officer (CIO) visibility into IT resources					
1) Establish the level of detail with which IT resources are to be described in order to inform the CIO during the planning and budgeting processes.	Department	●	●	●	●
	Component	N/A	N/A	N/A	N/A
2) Establish agency-wide policy for the level of detail with which planned expenditures for all transactions that include IT resources are to be reported to the CIO.	Department	◐	◐	◐	◐
	Component	○	N/A	N/A	N/A
CIO input into IT resource planning					
3) Include the CIO in the planning and budgeting stages for programs that are fully or partially supported with IT resources.	Department	◐	◐	●	◐
	Component	○	◐	N/A	●
4) Include the CIO as a member of governance boards that inform decisions regarding all IT resources, including component-level boards.	Department	◐	◐	◐	◐
	Component	○	●	N/A	●
5) Document the processes by which program leadership works with the CIO to plan an overall portfolio of IT resources.	Department	◐	◐	●	●
	Component	N/A	◐	N/A	N/A
CIO review and approval of the IT budget request					
6) Ensure the CIO has reviewed and approved the major IT investments portion of the budget request.	Department	◐	◐	●	◐
	Component	○	●	N/A	●
7) Ensure the CIO has reviewed IT resources that are to support major program objectives and significant increases and decreases in IT resources.	Department	○	○	●	●
	Component	○	○	N/A	N/A
8) Ensure the CIO has reviewed whether the IT portfolio includes appropriate estimates of all IT resources included in the budget request.	Department	○	○	○	○
	Component	N/A	N/A	N/A	●

- The department provided documentation that demonstrated the department or delegated component agency satisfied the OMB common baseline requirement.
- ◐ The department provided documentation that demonstrated the department or delegated component agency satisfied some but not all of the OMB common baseline requirement.
- The department could not provide documentation that demonstrated the department or delegated component agency satisfied any of the OMB common baseline requirement.
- N/A The department did not officially delegate the identified responsibilities to the component agency for the OMB common baseline requirement.

Source: GAO analysis of agency data. | GAO-19-49

Note: DOE (Department of Energy), HHS (Department of Health and Human Services), DOJ (Department of Justice), Treasury (Department of the Treasury), NNSA (National Nuclear Security Administration), CMS (Centers for Medicare and Medicaid Services), FBI (Federal Bureau of Investigation), IRS (Internal Revenue Service)

CIO Visibility into IT Resources

Establish the Level of Detail with Which IT Resources Are to Be Described in Order to Inform the CIO during the Planning and Budgeting Processes

All four departments had policies and procedures that addressed the level of detail with which IT resources are to be described in order to inform the CIO during the planning and budgeting processes. For example, three of the four departments (DOE, HHS, and Treasury) had policies that required the IT budget to include a description of IT resource categories that are required by OMB's IT capital planning guidance, such as government labor and certain infrastructure resources. DOJ's policy required the IT budget to include a description of 49 different IT resource categories. As a result, the departments have increased the likelihood that IT resources will be consistently described with the appropriate level of detail for the CIO.

Establish Agency-Wide Policy for the Level of Detail with Which Planned Expenditures for All Transactions That Include IT Resources Are to Be Reported to the CIO

Each of the four departments had documented within their IT budgeting procedures the level of detail that was required for reporting planned IT expenditures to the CIO. However, the procedures did not explicitly require that every transaction that related to IT resources be included in the planned expenditure reporting to the CIO. Without explicitly requiring that all transactions that have IT resources be included in the reporting of planned expenditures, there is increased risk that the CIO cannot ensure that all budget requests contain complete and accurate resource estimates, in a consistent manner, to inform the department's annual IT budget.

CIO Input into IT Resource Planning

Include the CIO in the Planning and Budgeting Stages for Programs That Are Fully or Partially Supported with IT Resources

The departments varied in the extent to which their policies and procedures included a requirement for the department-level CIO to be included in programs supported with IT resources. For example, DOE and DOJ took steps to ensure that their CIOs are included in the planning and budgeting of programs with IT resources by requiring that each IT acquisition request include information about the investment in the CIO's IT portfolio that is to support the acquisition. Adding this investment information to each acquisition request is intended to allow the CIO to ensure that the requests are factored into resource planning for the IT budget.

However, DOE's, HHS's, and Treasury's policies and procedures did not always require that the CIO be included in the planning and budgeting

stages for every program with IT resources. For example, DOE's policies called for the CIO to be included in the budget development process by requiring the program offices to submit their IT budget to the CIO for review and approval annually. On the other hand, this policy did not apply to NNSA's IT programs because the responsibility to meet this requirement was delegated to that component.

NNSA drafted procedures to carry out the delegated responsibility, but the procedures did not call for the DOE CIO—in addition to the component-level CIO—to have input into the IT budget, as required by the Secretary of Energy's October 2016 FITARA implementation memorandum. According to officials in NNSA's Office of the CIO, the component expects to finalize the procedures by the end of August 2018; however, the officials did not say whether the finalized procedures would include a requirement for NNSA to obtain input from the DOE CIO on its IT budget. By not requiring that the department-level CIO be included in the planning and budgeting stages for programs that are fully or partially supported with IT resources, DOE, HHS, and Treasury are at increased risk that the CIO is not providing input into key IT resource planning decisions.

Include the CIO as a Member of Governance Boards That Inform Decisions Regarding All IT Resources, Including Component-Level Governance Boards

The charters for all four department-level investment review boards that inform decisions regarding IT resources indicated that their respective CIOs were included as members. In addition, the charters for component-level investment review boards that inform decisions regarding IT resources at CMS and IRS included their respective component-level CIOs. However, a similar review board at FBI did not include the component-level CIO as a member and NNSA had not yet finalized its charter. Further, none of the charters for the selected components' investment review boards indicated that the department-level CIOs were members.

Among the three CIOs at DOE, HHS, and Treasury that had delegated the responsibility of component-level board membership to component CIOs, the department-level CIOs at these agencies had not established procedures for ensuring that the components had implemented this responsibility, as required by OMB. As previously mentioned, while department CIOs were allowed to delegate this responsibility, OMB requires department CIOs to establish delegation plans that describe each requirement being delegated, demonstrate how the department CIOs will retain accountability for the requirement, and ensure that the delegated official executed the responsibility with the appropriate level of rigor. By not requiring that the department-level CIO be included in key

governance board decisions regarding IT investments or establishing delegation plans that outline such activities for component CIOs, the selected departments are at increased risk that the CIO is not providing input into key IT resource planning decisions.

Document the Processes by Which Program Leadership Works with the CIO to Plan an Overall Portfolio of IT Resources

Departments varied in the extent to which they had documented the process by which program leadership is to work with the CIO to plan an overall portfolio of IT resources. For example, DOJ and Treasury documented a detailed process with roles and responsibilities for how program leadership is to work with their CIOs to plan resources for the overall portfolio through their IT governance process.

However, DOE and HHS had partially documented the process they were to follow to meet this requirement. Specifically, these departments documented that they were to utilize department-level governance boards to plan IT resources with program leadership for investments subject to the governance board reviews. However, they did not always document how CIOs were to work with program leadership in planning IT resources for other investments that were not subject to department-level governance board reviews, such as existing HHS investments that are greater than or equal to \$20 million annually and DOE investments initiated by NNSA. As a result of shortfalls in documenting policies and procedures that require the CIO to work with program leadership to plan the IT portfolio, DOE and HHS are at an increased risk that the CIO's role in the formulation of IT budgets is limited.

CIO Review and Approval of the IT Budget Request

Ensure the CIO Has Reviewed and Approved the Major IT Investments Portion of the Budget Request

The four selected departments varied in the extent to which they had documented in their policies and procedures how their CIOs are to review and approve the major IT investments portion of the budget request. For example, DOJ had a documented process for how the CIO is to review and approve all major IT investments through the department's annual budget planning and IT portfolio review processes.

In contrast, the other three departments partially addressed the requirement by documenting the requirement to review and approve certain major investments, but not all major investments. To illustrate, DOE documented policies and procedures that required the CIO to review major IT investments, but the policies and procedures did not apply to

major IT investments within NNSA and the national laboratories, including those related to high-performance computing.²¹

Further, NNSA had draft policies and procedures requiring its component-level CIO to review major IT investments. However, these policies and procedures had not yet been finalized and approved, and they did not include a requirement for the DOE CIO's review of these investments.²² Moreover, the department had not developed policies and procedures stipulating this requirement for the national laboratories. While officials in the department's Office of the CIO stated that they plan to revise policies and procedures for the national laboratories to include the CIO in their annual planning processes, the officials did not identify a time frame for completing those revisions.

As another example, HHS had documented a process that required the department-level CIO to review and approve new major IT investments greater than or equal to \$20 million.²³ In addition, the process required that the review and approval of new and existing major investments between \$10 million and \$20 million annually be delegated to the department's component CIOs. Accordingly, CMS met this requirement at the component level by documenting IT investment review board policies and procedures that require the component CIO to review and approve

²¹At DOE an IT investment is considered to be major when it is part of a government-wide initiative; relates to the management of an IT security and compliance program; requires special management attention due to significant program or policy implications; has high executive visibility or high development, operating, or maintenance costs; has cumulative steady state or mixed life cycle funding of \$25 million or more across the prior year, current year, and budget year; or is not funded through direct appropriations.

²²According to DOE, the NNSA Administrator has the authority under Section 3212(d) of Public Law 106-65 to establish administration-specific policies, including managing NNSA programs and direction, budget formulation and guidance, resource requirements determination and allocation, and procurement policy, unless disapproved by the DOE Secretary. In order to avoid conflicts with the authorities provided to the NNSA Administrator, DOE's FITARA implementation plan states that the NNSA CIO will review and approve the NNSA major IT investments giving the DOE CIO an opportunity to review and provide input prior to the final decision.

²³At HHS an IT investment is considered to be major when it is designated by the HHS CIO as critical to the HHS mission or to the administration of programs, finances, property, or other resources; is for financial management and obligates more than \$500 thousand annually; requires special management attention because of its importance to the mission or function of the department or component; has significant program or policy implications; has high executive visibility; or has high development, operations, or maintenance costs deemed as budget year costs equal to or greater than \$10 million or estimated life cycle costs equal to or greater than \$75 million.

major, high-risk, and mission critical IT investments with estimated costs of less than \$20 million. However, HHS did not fully address the department-level requirement in that its process did not document how the department-level CIO would review and approve existing (as opposed to new) major investments greater than or equal to \$20 million annually. As a result of not fully documenting the process for how the departments are to meet this requirement, DOE, HHS, and Treasury are at increased risk that major investments will be submitted for the budget without being reviewed and approved by the CIO.

Ensure the CIO Has Reviewed IT Resources That Are to Support Major Program Objectives and Significant Increases and Decreases in IT Resources

The departments we reviewed varied in the extent to which they had documented in their policies and procedures how they are to ensure that the CIO has reviewed IT resources that are to support major program objectives and significant increases and decreases in resources. For example, DOJ and Treasury had documented in their policies and procedures their CIOs' role in reviewing IT resources that support major program objectives and significant increases and decreases in their resources.

However, the other two departments—HHS and DOE—had not documented this role for their CIOs. Specifically, HHS policies and procedures did not include a requirement for the CIO to review significant increases and decreases in IT resources. In addition, the HHS CIO delegated to component-level CIOs the responsibility to review IT resources that support major program objectives for investments of less than \$20 million annually. However, HHS had not established procedures for ensuring its components carried out the responsibility, and the component agency we selected—CMS—did not include this requirement in its procedures.

Similarly, DOE had not documented procedures for the department-level CIO's role in reviewing IT resources that support major program objectives and significant increases and decreases in IT resources. For NNSA programs, DOE delegated the responsibility to the NNSA CIO. However, NNSA had not documented the NNSA CIO's role in reviewing planned IT support for major program objectives, as well as significant increases and decreases in IT resources. Until DOE and HHS develop policies and procedures that include how the CIO is to review whether each investment's IT resources support major program objectives and have increased or decreased significantly, they will have less assurance that the IT budget request consistently supports the departments' goals and objectives and that the CIOs have approved significant changes in the budget.

Ensure the CIO Has Reviewed Whether the IT Portfolio Includes Appropriate Estimates of All IT Resources Included in the Budget Request

None of the four departments had documented in their policies and procedures how their CIOs are to ensure, as part of the IT budget review and approval process, that the IT portfolio includes appropriate estimates of all resources. Specifically, DOE, HHS, Treasury, and DOJ had not documented in their policies and procedures the necessary steps that their CIOs would need to take in order to ensure that the portfolios included the appropriate estimates of all IT resources in the budget requests.

In addition, Treasury delegated this responsibility to its component CIOs for component-level investments, and IRS had documented procedures for validating the estimates of all IT resources for the IRS budget request. However, Treasury did not document the necessary steps to ensure that its delegated authorities were being carried out, as required by OMB.

Without documented policies and procedures for the steps the CIO is to take to review whether the IT portfolio includes appropriate estimates of all IT resources included in the budget request or delegation plans that outline such activities for component CIOs, the selected departments may be limited in their ability to assure that their CIOs are effectively positioned to consistently and adequately review and approve the IT budget request.

Gaps in Departments' FITARA Implementation and Delegation Plans

The shortcomings in the four departments' policies and procedures related to CIO visibility into IT resources, CIO input into IT resource planning, and CIO review and approval of the IT budget request were due, in part, to having not addressed in their FITARA implementation and delegation plans how they intended to implement the OMB common baseline requirements.

For example, none of the four departments' FITARA implementation plans addressed how they intended to implement the requirement that all transactions related to IT resources be included in planned expenditure reporting to the CIO. These departments' implementation plans also did not address the requirement that the CIO review whether the IT portfolio includes appropriate estimates of all IT resources identified in the budget request. Officials in DOE's Office of the CIO stated that the department is in the process of determining ways to add specific review criteria to its capital planning policies and procedures to identify how the department is to review the appropriateness of IT resources in the portfolio. Had such procedures been documented and identified in the department's FITARA

implementation plan, it would have been better positioned to demonstrate how this common baseline requirement is being addressed.

In addition, the HHS and Treasury FITARA delegation plans did not address how their CIOs would ensure components carried out their responsibilities for reviewing and approving the IT budget request. Officials in HHS's Office of the CIO stated that delegation memorandums issued to their components included procedures for ensuring components carried out their responsibilities. However, the delegation plans they provided to us did not include such procedures. Officials in Treasury's Office of the CIO stated that they did not believe that it was their responsibility to have procedures for verifying that components are carrying out their delegated responsibilities because they viewed it as an audit function. However, having such procedures is called for by OMB's FITARA implementation guidance.

Without FITARA implementation plans that address the shortfalls in policies and procedures for ensuring the implementation of OMB's common baseline requirements, departments have limited assurance that their CIOs will implement the requirements as intended by OMB and FITARA. In addition, without identifying the steps within the FITARA delegation plans that departments intend to take to ensure the responsibilities delegated to components are appropriately carried out, the departments may have limited assurance that these actions have been taken.

Selected Departments Demonstrated Mixed Implementation of IT Budgeting Requirements in Developing Fiscal Year 2017 Budgets for a Sample of Investments

While it is important for federal agencies to establish policies and procedures that describe how they are to carry out IT budgeting requirements identified in FITARA and OMB guidance, it is equally important for them to implement the requirements when planning and budgeting for individual IT investments and to retain supporting documentation that would demonstrate that they have done so. Among the eight selected OMB common baseline requirements related to IT budgeting, five of the requirements are applicable at the individual investment level. Table 2 shows how these five common baseline requirements would be implemented at the individual investment level, as well as the related categories.

Table 2: Five Selected Office of Management and Budget (OMB) Common Baseline Requirements Related to Information Technology (IT) Budgeting for Individual Investments

Category	Requirement at the investment level
Chief Information Officer (CIO) visibility into IT resources	1. IT resources for each investment are described in order to inform the CIO during the planning and budgeting processes.
CIO input into IT resource plans	2. The CIO is included in the planning and budgeting stages for investments with IT resources. 3. Program leadership works with the CIO to plan the investment's IT resources.
CIO review and approval of IT budgets	4. The CIO reviews whether the investment's IT resources support major program objectives and have increased or decreased significantly. 5. The CIO reviews whether the investment's estimates of IT resources in the portfolio and budget request are appropriate.

Source: GAO analysis of OMB guidance. | GAO-19-49

The selected departments and their respective component agencies varied in the extent to which they could demonstrate that they had implemented the five common baseline requirements when developing their fiscal year 2017 funding requests for 16 sampled investments.

Figure 2 and the subsequent discussion summarize the extent to which the departments and their component agencies could demonstrate that they had implemented the five requirements in developing fiscal year 2017 budgets for the sample of investments that we reviewed. As described earlier, we reviewed the largest major and non-major investment for each of the four departments and four component agencies. In addition, appendices II through V provide further details about our assessments of the extent to which the departments and component agencies demonstrated that they had implemented the five requirements.

Figure 2: Extent to Which Selected Departments and Components Demonstrated Implementation of the Five Office of Management and Budget (OMB) Common Baseline Requirements Related to Information Technology (IT) Budgeting in the Development of Fiscal Year 2017 Budgets for a Sample of Investments

Selected OMB common baseline requirements	Department	DOE	HHS	DOJ	Treasury
	Component	NNSA	CMS	FBI	IRS
Chief Information Officer (CIO) visibility into information technology (IT) resources		Investment type			
1) IT resources for each investment are described in order to inform the CIO during the planning and budgeting processes.	Department major	●	◐	●	●
	Department non-major	○	○	●	●
	Component major	●	◐	●	●
	Component non-major	○	◐	●	●
CIO input into IT resource plans		Investment type			
2) The CIO is included in the planning and budgeting stages for investments with IT resources.	Department major	○	◐	●	○
	Department non-major	○	○	●	○
	Component major	○	◐	●	◐
	Component non-major	●	◐	●	◐
3) Program leadership works with the CIO to plan the investment's IT resources.	Department major	○	●	●	○
	Department non-major	○	○	●	○
	Component major	○	◐	◐	◐
	Component non-major	○	◐	○	◐
CIO review and approval of IT budgets		Investment type			
4) The CIO reviews whether the investment's IT resources support major program objectives and have increased or decreased significantly.	Department major	○	◐	●	○
	Department non-major	○	○	●	○
	Component major	○	◐	●	◐
	Component non-major	●	◐	●	◐
5) The CIO reviews whether the investment's estimates of IT resources in the portfolio and budget request are appropriate.	Department major	○	◐	●	○
	Department non-major	○	○	●	○
	Component major	○	◐	◐	◐
	Component non-major	●	◐	○	◐

DOE (Department of Energy), HHS (Department of Health & Human Services), DOJ (Department of Justice), Treasury (Department of the Treasury), NNSA (National Nuclear Security Administration), CMS (Centers for Medicare & Medicaid Services), FBI (Federal Bureau of Investigation), IRS (Internal Revenue Service)

- The department or component demonstrated that it had implemented the OMB common baseline requirement on the investment.
- ◐ The department or component demonstrated that it had implemented some but not all elements of the OMB common baseline requirement on the investment.
- The department or component could not demonstrate that it had implemented the OMB common baseline requirement on the investment.

Source: GAO analysis of agency data. | GAO-19-49

CIO Visibility into IT Resources

IT Resources for Each Investment Are Described in Order to Inform the CIO during the Planning and Budgeting Processes

For the investments that we reviewed, the departments and their components varied in the extent to which they could demonstrate that they had described their investments' IT resources. For example, DOJ²⁴ and Treasury²⁵ described specific IT resources, such as costs for personnel and software, in spreadsheets or databases for processing annual requests for resources for each proposed IT investment.

Conversely, HHS²⁶ and DOE²⁷ did not fully describe in supporting documentation their respective IT resources for their investments included in our review. For example, HHS could not demonstrate that it had described the department-level non-major investment's IT resources. In addition, although HHS described non-labor resources that were allocated for a portion of the sampled department-level major investment, the department did not describe labor resources for the investment. HHS also could not account for the investment's entire funding request—leaving nearly \$17 million in resources that were not described. Officials in HHS's Office of the CIO were unable to explain why supporting documentation for the investment only accounted for a portion of the investment's total funding request, and not the entire request.

²⁴The four DOJ investments that we sampled from its fiscal year 2017 IT budget data were: (1) the *DOJ Telecom* investment (major); (2) the *DOJ JMD JCON PMO* investment (non-major); (3) the *FBI Next Generation Identification (NGI)* investment (major); and (4) the *FBI Shared Land Mobile Radio (SLMR)* investment (non-major).

²⁵The four Treasury investments that we sampled from its fiscal year 2017 IT budget data were: (1) the *Treasury IT Infrastructure Telecommunications (ITT TSS)* investment (major); (2) the *Treasury Cyber Security Improvements* investment (non-major); (3) the *IRS Main Frames and Servers Services and Support (MSSS)* investment (major); and (4) the *IRS Enterprise Services – PAC 9U* investment (non-major).

²⁶The four HHS investments that we sampled from its fiscal year 2017 IT budget data were: (1) the *HHS Trusted Internet Connection (TIC) Investment* (major); (2) the *HHS Networx Transition* investment (non-major); (3) the *CMS IT Infrastructure – Ongoing* investment (major); and (4) the *CMS Systems Security (NM)* investment (non-major).

²⁷The four DOE investments that we sampled from its fiscal year 2017 IT budget data were: (1) the *IM-60 IT Services Management* investment (major); (2) the *IM Enterprise Cyber Security Programs Office* investment (non-major) (*Investment name change, formerly Cyber Security Programs and Reporting*); (3) the *NNSA Enterprise Secure Network (ESN)* investment (major); and (4) the *NNSA LANL Manufacturing Modernization Project (MMP)* investment (non-major).

HHS and DOE officials provided various reasons as to why their departments did not describe in supporting documentation all of the IT resources associated with the investments we sampled. For example, HHS could not demonstrate that it had described IT resources for the non-major investment that we reviewed because officials in the Office of the CIO did not have the supporting documentation associated with its funding request. In addition, according to officials in HHS's Office of the CIO, the department's omission of required labor resources from program office artifacts supporting the funding request for the department-level major investment was an oversight. According to the officials, during the budget formulation cycle, the department did not consistently maintain documentation for its investments that would describe the IT resources and lacked a mature governance process for reviewing the IT resources associated with the investment.

Moreover, officials in DOE's Office of the CIO stated that the department's budgeting procedures did not call for clearly identifying specific IT resources. However, at a minimum, DOE's budgeting procedures required that the budget estimate for investments include planned government labor expenditures.

Until HHS and DOE describe IT resources within their investments, the CIO may have limited visibility into what the resources are that are being requested in the annual IT budget.

CIO Input into IT Resource Planning

The CIO Is Included in the Planning and Budgeting Stages for Investments with IT Resources

The extent to which each of the four departments' could demonstrate that their CIOs were included in the planning and budgeting stages for the sampled investments with IT resources varied. Specifically, of the four investments we reviewed for each agency, DOJ and its component included the CIO in the planning and budgeting stages via an annual IT portfolio review that included the four sampled investments.²⁸

On the other hand, HHS, Treasury, and DOE—along with their components—could not always demonstrate that the department-level

²⁸The annual IT portfolio review is intended to provide the CIO with detailed information and insights about all investments to be included in the department's IT budget submission to OMB.

CIO was included for their investments. For example, within HHS, its component agency—CMS—partially implemented the requirement for both of the sampled investments. Specifically, CMS documented the CIO’s review and approval of each investment’s detailed IT resource estimates during governance board reviews. However, HHS’s supporting documentation did not demonstrate that the department CIO was involved in the planning process for these investments even though its capital planning and investment control policy required this official to review, validate, and approve these IT investments through the department-level review board.

Further, Treasury could not demonstrate that the department’s CIO was included in the planning and budgeting stages for the two department-level investments that we reviewed. According to officials in Treasury’s Office of the CIO, the relevant documentation was not retained for the selected department-level investments because procedures were not in place to document reviews by the CIO and certain artifacts that may have documented such reviews were no longer available in part due to employee turnover within the program offices responsible for the investments. Until DOE, HHS, and Treasury include the CIO in the planning and budgeting stages for investments with IT resources, they may be at risk of duplicating resources or funding investments without the CIO’s knowledge or approval.

Program Leadership Works with the CIO to Plan the Investment’s IT Resources

The selected departments varied in their ability to demonstrate that their CIOs worked with program leadership across the investments we sampled for the fiscal year 2017 funding request—both within and across the departments. For example, DOJ demonstrated that the CIO worked with program leaders in planning IT resources for both the major and non-major investment at the department level by jointly developing a plan for how business units were to utilize funds for IT services. At the component-level, FBI demonstrated that IT officials assisted program leadership in the planning of the major investment, but could not demonstrate that the CIO worked with program leadership on both the major and non-major investment.

In addition, HHS fully demonstrated that the CIO worked with program leaders in planning IT resources for its major investment. For example, the CIO reviewed detailed IT resource narratives and line item estimates for the investment at a department-level governance board meeting with program leadership. However, HHS could not demonstrate that the CIO worked with program leadership to plan the non-major investment. At the component-level, CMS partially demonstrated that the CIO took such

actions to plan the component-level investments. Specifically, the CIO at CMS worked with program officials to review and approve detailed IT resource requests for the investments. However, HHS could not demonstrate that its CIO was also involved in planning IT resources with program leadership for the same investments, as required by the department's policy. Officials in the Office of the CMS CIO stated that they believed that the CMS CIO was an authorized delegate for this responsibility. However, the officials could not provide documentation of the delegation as required by OMB.

Further, Treasury could not demonstrate that the CIO had worked with program leadership in planning IT resources for the department-level investments. According to officials in the Office of the CIO, they could not demonstrate the actions the CIO took to work with program leadership because documentation that would show the interaction was not retained. The officials stated that documentation was not retained due to turnover within the program offices responsible for the investments. At the component-level, IRS partially demonstrated that the CIO took action to work with program leadership for a portion of the component-level investments' budget through IT budget reviews. However, IRS could not demonstrate coordination with program leadership for the full amount of the investments' budget because the agency did not maintain a document trail for lower-level budgeting activities that included all relevant resource planning for the investments.

Lastly, DOE could not fully demonstrate that the CIO had worked with program leadership in planning IT resources across all four investments at the department and component. DOE could not demonstrate this, in part, because the Office of the CIO's internal process, during the formulation of the fiscal year 2017 budget, did not require input from all relevant stakeholders, including senior leadership, directors, and program managers. Officials in DOE's Office of the CIO acknowledged the gap in its process and stated that the department and its component agency—NNSA—are working to establish processes that include senior management and program officials in the planning process. As of May 2018, DOE did not have a time frame for establishing these processes.

The lack of consistent partnership of program leaders and the CIO to plan an investment's IT resources at the department and component levels limits the ability of the CIO to have a significant role in the formulation of the department's IT budget.

CIO Review and Approval of IT Budgets

The CIO Reviews Whether the Investment's IT Resources Support Major Program Objectives and Have Increased or Decreased Significantly

The selected departments varied in the extent to which they could demonstrate that the CIO had appropriately reviewed all the investments we sampled. For example, DOJ demonstrated that the CIO reviewed whether the IT resources for the department- and component-level investments supported major program objectives and whether there were increases and decreases in IT resources for the investments.

In addition, HHS partially addressed the requirement for its component-level investments. Specifically, while the component-level CIO at CMS reviewed changes in the investments' resources, supporting documentation did not show that alignment with major program objectives was reviewed.

Further, Treasury and DOE could not demonstrate that their CIOs reviewed whether the investment's IT resources support major program objectives and any significant increases or decreases in resources for their department-level investments. According to officials in the offices of the CIO at Treasury and DOE, relevant documentation that would have demonstrated review activities had not been maintained for the investments. Until DOE, HHS, and Treasury can consistently demonstrate that the CIO has reviewed whether each investment's IT resources support major program objectives and have increased or decreased significantly, the departments will have less assurance that the IT budget request supports their goals and objectives and that significant changes in the budget are appropriate.

The CIO Reviews Whether the Investment's Estimates of IT Resources in the Portfolio and Budget Request Are Appropriate

The selected departments varied in the extent to which they could demonstrate that the CIO took steps to review whether the investment's estimates of IT resources in the portfolio and budget request were appropriate.

For example, the CIO for DOE's component agency—NNSA—demonstrated the review and approval of the non-major investment's estimates of IT resources. However, NNSA could not demonstrate that the CIO reviewed the estimates for the major investment because it did not retain documentation that would provide details on the investment's budget formulation and approval.

In addition, HHS's component agency—CMS—partially demonstrated implementation of the requirement on the major investment. Specifically,

the CIO for CMS reviewed and approved supporting documentation for the investment's detailed resource estimates totaling more than \$500 million in developing the fiscal year 2017 budget request. However, the fiscal year 2017 budget request for this investment was \$399 million, and according to officials in the CMS Office of the CIO, the CMS CIO did not review and approve the lowered estimate—ensuring the IT portfolio reflected an appropriate estimate.

According to CMS officials in the Office of the CIO, the lowered estimate was the result of the user fees portion of the investment being removed from the request before it was submitted to OMB because it was not funded by annual appropriations.²⁹ However, OMB's fiscal year 2017 IT capital planning guidance required departments to report all budgetary sources of funding for each investment, including amounts available for obligation through collection of fees, as well as annual appropriations.

Further, Treasury could not demonstrate that the CIO had reviewed the resource estimates for the department-level investments. At the component level, IRS demonstrated that officials in the Office of the CIO reviewed supporting documentation for detailed cost estimates for the component-level investments. However, these cost estimates only accounted for a portion, and not the full amount, of the investment.

Finally, DOJ could not demonstrate that the component agency CIO ensured that the IT portfolio included appropriate estimates of all IT resources for the non-major investment at the component level. While officials in the FBI's Office of the CIO stated that the component's CIO was involved in reviewing detailed resource estimates for the investment prior to its submission to the department-level CIO, they could not provide supporting documentation because the FBI had not established procedures that explicitly required documenting the performance of this activity. Until the CIOs at DOE, HHS, Treasury, and DOJ consistently review IT resource estimates for each investment, departments will have less assurance that the estimates in the budget request are appropriate.

²⁹User fees are a fee assessed to users for goods or services provided by the federal government. User fees generally apply to federal programs or activities that provide special benefits to identifiable recipients above and beyond what is normally available to the public. An example of a user fee is a fee for entering a national park.

Departments Lacked Processes for Ensuring That Their IT Budgets Are Informed by Reliable Costs; the Administration Has Introduced an Initiative to Improve Cost Visibility

Departments Did Not Always Have Processes to Ensure Government IT Labor Costs Have Been Accurately Reported for All Investments

GAO and international standards recommend certain quality assurance practices that can assist departments in developing an IT budget that is informed by reliable cost information.³⁰ These practices include, among others: (1) ensuring government labor costs have been accurately reported for all investments, (2) aligning contract costs with the investments, and (3) utilizing budget object class data to capture all IT programs. Further, having documented IT capital planning processes to implement these practices is important because OMB requires department CIOs to fully account for and report on planned expenditures in their annual IT budget requests.

All of the four selected departments—DOE, HHS, DOJ, and Treasury—lacked quality assurance processes to ensure government labor costs have been accurately reported, align contract costs with IT investments, and utilize budget data to capture all IT programs. However, OMB’s fiscal year 2019 IT capital planning guidance introduced several major changes to the budgeting process which, if effectively implemented, should provide departments and CIOs with enhanced visibility into IT costs across the portfolio and additional assurance that the budget is being informed by all relevant IT costs.³¹

OMB requires CIOs to ensure that the IT portfolio includes appropriate estimates of all IT resources, including government labor, in the budget request. According to practices recommended by GAO and international standards, department CIOs should have quality assurance processes, such as periodic reviews of data quality and estimation methods, for ensuring that estimated government labor costs have been accurately reported for all investments.

³⁰GAO-01-1084SP, GAO-04-394G, GAO-09-3SP; and International Organization for Standardization, *ISO/IEC 20000-1:2011, Information technology—Service management—Part 1: Service management system requirements* (Geneva, Switzerland: Apr. 15, 2011); and *ISO/IEC 20000-2:2012, Information technology — Service management — Part 2: Guidance on the application of service management systems* (Geneva, Switzerland: Feb. 15, 2012). ©ISO. This material is reproduced from ISO/IEC 20000-1: 2011 and 20000-2:2012 with permission of the American National Standards Institute (ANSI) on behalf of the International Organization for Standardization. The complete standards can be purchased from ANSI at <https://webstore.ansi.org>. All rights reserved.

³¹OMB, *Circular No. A-11: Preparation, Submission, and Execution of the Budget*, Section 55—Information Technology Investments, *FY 2019 IT Budget – Capital Planning Guidance* (Washington, D.C.: Aug. 1, 2017).

However, while OMB requires department CIOs to ensure that the IT portfolio includes appropriate estimates of all IT resources in the budget request, the selected departments did not have processes for ensuring that estimated government labor costs for all of their investments were accurately reported. Rather, officials in the Office of the CIO at each of the four departments stated that it is up to individual programs and component agency offices to determine their government labor costs and report them accurately.

The lack of processes for ensuring that estimated government labor costs were accurately reported for every investment resulted in the four selected departments having fiscal year 2017 IT budget requests totaling nearly \$9 billion in proposed investments that did not include government labor costs. These proposed investments that did not include government labor estimates had planned costs for either development or operations activities, which is an indication that these investments would require some form of government oversight and, therefore government labor costs.

Table 3 summarizes the number of and planned expenditures for the selected departments' proposed fiscal year 2017 investments that did not include estimated costs for government labor.

Table 3: Selected Departments' Proposed Fiscal Year 2017 Information Technology (IT) Investments That Did Not Include Estimated Government Labor Costs

Category	Department of Energy	Department of Health and Human Services	Department of Justice	Department of the Treasury
Number of IT investments without estimated government labor costs ^a	368 of 584 (63%)	122 of 529 (23%)	31 of 223 (14%)	54 of 252 (21%)
Proposed expenditures on IT investments without estimated government labor costs	\$1,053M of \$1,669M (63%)	\$7,665M of 12,050M (64%)	\$118M of \$2,866M (4%)	\$233M of \$4,333M (5%)

Source: GAO analysis of department fiscal year 2017 IT budget data from the Federal IT Dashboard. | GAO-19-49

^aThe fiscal year 2017 proposed investments that did not include government labor estimates had planned costs for either development or operations activities.

Departments Did Not Always
Align IT Contract Costs with IT
Investments

Until the departments establish quality assurance processes for ensuring that estimated government labor costs have been accurately reported for all investments, CIOs and others will have limited assurance that their IT budgets are being informed by complete and accurate information.

Best practices call for department CIOs to have processes for ensuring that contract costs align with investments in the portfolio. However, none of the four selected departments had IT capital planning processes in place to ensure that planned contract costs were aligned with related IT investments.

Officials in the Office of the CIO at each of the four departments stated that system limitations hampered their ability to align contract obligations with IT investments.³² Specifically, these officials stated that their departments did not have mechanisms in place to link contract obligation data from their procurement systems with investment data in their IT portfolio management systems.

While lacking processes for ensuring that contract costs align with investments, the four departments reported obligations of \$4.59 billion from October 2016 through September 2017 on contracts for which a corresponding investment in the departments' fiscal year 2017 IT budget request was not explicitly identified. In doing so, the four selected departments did not have reasonable assurance that the reported dollars obligated for these contracts aligned with investment proposals in the IT budget request. Table 4 illustrates the total number of and dollars obligated for fiscal year 2016 IT contracts from October 2016 through September 2017 that were not aligned with investments in departments' fiscal year 2017 IT budget requests.³³

³²An obligation is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received. Payment may be made immediately or in the future. An agency incurs an obligation, for example, when it places an order, signs a contract, awards a grant, purchases a service, or takes other action that requires the government to make payments to the public or from one government account to another.

³³The contracts listed in table 4 had completion dates after September 30, 2016, indicating that they would continue into fiscal year 2017.

Table 4: Information Technology (IT) Contracts That Were Not Aligned with Investments in Selected Departments' Fiscal Year 2017 IT Budget Request

Department	Number of IT contracts^a that were not aligned with IT investments	Dollars obligated from October 2016 through September 2017 on IT contracts that were not aligned with IT investments
Department of Energy	586 of 591 (99.2%)	\$233M
Department of Health and Human Services	2,951 of 3,121 (94.6%)	\$2,033M
Department of Justice	2,815 of 2,829 (99.5%)	\$1,305M
Department of the Treasury	1,328 of 1,380 (96.2%)	\$1,017M
Total	7,680 of 7,921 (97.0%)	\$4,588M

Source: GAO analysis of department fiscal year 2017 IT budget data from the Federal IT Dashboard and the Federal Procurement Data System-Next Generation. | GAO-19-49

^aThe contracts had completion dates after September 30, 2016, indicating that they would continue into fiscal year 2017.

Given that the departments did not have reasonable assurance that billions of dollars obligated for IT contracts aligned with investment proposals in the 2017 IT budget, their CIOs may not have full visibility into the total IT budget, and therefore, may be at risk of underreporting total IT costs. Until departments establish processes for ensuring that contract costs align with investments in the portfolio, CIOs and others will have limited assurance that their IT budgets are being informed by complete and accurate information.

Departments Did Not Utilize Budget Object Class Data to Capture All IT Programs

OMB requires CIOs to ensure that the IT portfolio includes appropriate estimates of all resources in the budget request. In doing so, OMB requires CIOs to have an investment in the portfolio that is associated with every dollar spent on IT.

To meet these requirements, department CIOs are to have quality assurance processes for associating every dollar being spent on IT with one or multiple IT investments in order to ensure that the dollars being spent are for an approved investment. Such processes may include utilizing budget object class data to identify where IT obligations are

occurring and to subsequently determine whether the obligations are captured as an investment in the IT portfolio.³⁴

The selected departments were not utilizing budget object class data that could assist them in ensuring that all IT programs were captured in the budget, including those that were not primarily technology-oriented. Specifically, even though OMB provides guidance on departments' use of codes, known as budget object classes, for classifying obligations, none of the departments had established IT capital planning processes that used these codes to help ensure that the funds used for IT were captured within one or more investment proposals in the portfolio.

Officials in the Office of the CIO at each of the four departments stated that they were not utilizing budget object classes because their financial system reporting structures that utilize budget object class codes were not aligned with their IT portfolio reporting structures. Thus, the departments did not have processes in place to cross-walk IT data from the two systems. Officials in the Office of the CIO at DOE, DOJ, and Treasury also stated that, because of OMB's recent changes in IT capital planning reporting requirements, their departments were considering ways to link budget object class data with IT investment data going forward.³⁵ However, the departments lacked specific plans for doing so.

Until the departments have quality assurance processes for identifying IT within program and staff offices, CIOs will be limited in their ability to provide oversight for, and reporting on, all IT spending for the investments in their portfolios.

³⁴Budget object classification involves identifying the obligations of the federal government by the types of goods or services purchased (such as personnel compensation, supplies and materials, and equipment) without regard to the agency involved or the purpose of the programs for which they are used. OMB provides general instructions on budget object classification and guidance on how to classify IT-related expenditures in OMB Circular No. A-11, section 83. OMB provides a standard structure of budget object classes that all agencies are to use from which agencies can develop more detailed sub-object classes for classifying expenditures in greater detail.

³⁵In its fiscal year 2019 IT capital planning guidance, OMB reported that it is shifting federal IT budget data and reporting requirements toward a cost taxonomy—called the Technology Business Management Framework. The next section of this report further discusses these changes.

The Administration's Efforts to Revise IT Budget Reporting Could Provide Department CIOs Additional Visibility into IT Spending

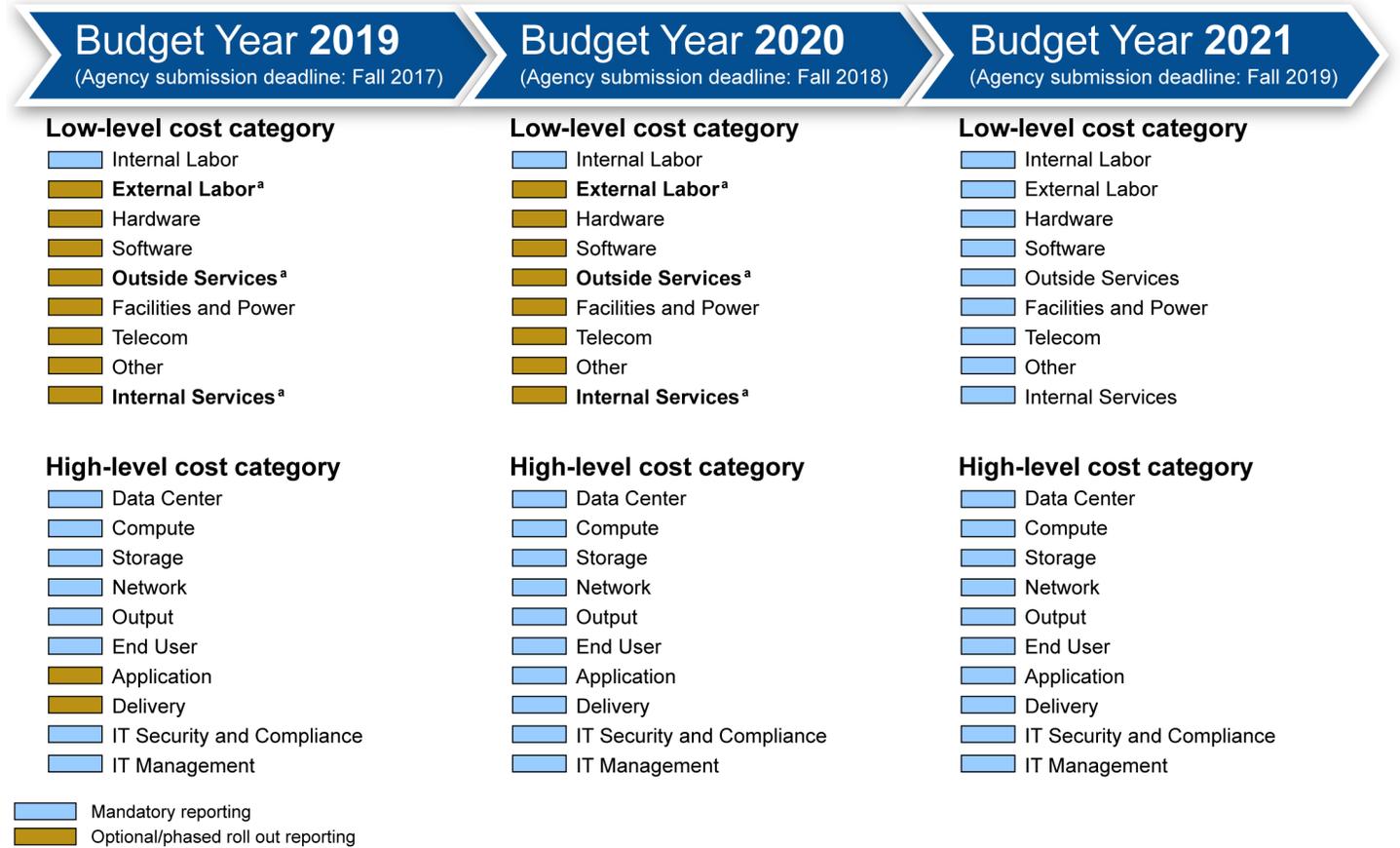
OMB's fiscal year 2019 IT capital planning guidance, released in August 2017, introduced several major changes to the federal IT budgeting process, including the practice of using a set of low-level cost categories to group spending.³⁶ Subsequently, the President's Management Agenda, released in March 2018, identified "improving outcomes through federal IT spending transparency" as one of the Administration's 14 cross-agency priority goals.³⁷

According to the President's Management Agenda, the Administration intends to accomplish the cross-agency priority goal related to improving federal IT spending transparency by, among other things, increasing the granularity in IT budget reporting by utilizing a set of cost categories from OMB's capital planning guidance. Figure 3 identifies the standard cost categories that OMB plans to implement in IT budget reporting.

³⁶In its fiscal year 2019 IT capital planning guidance, OMB reported that it is shifting federal IT budget data and reporting requirements toward a cost taxonomy—called the Technology Business Management Framework—that is used within private, public, and academic sectors. Among other things, OMB expects that each investment report its resource expenditures within each of the following cost pools: internal labor, external labor, outside services, hardware, software, facilities and power, telecom, other, and internal services. OMB stated that the reporting is optional for fiscal years 2019 and 2020 and is anticipated to become mandatory for the fiscal year 2021 budget submission.

³⁷President's Management Council and Executive Office of the President, *President's Management Agenda* (Washington, D.C.: Mar. 20, 2018).

Figure 3: The Office of Management and Budget (OMB) Information Technology (IT) Planned Cost Categories for IT Budget Reporting



Source: GAO analysis of OMB guidance. | GAO-19-49

^aOMB noted that these low-level categories should be prioritized.

In its fiscal year 2019 IT capital planning guidance, OMB has recognized potential value in utilizing budget object classes, or similar financial data, to provide CIOs and Chief Financial Officers additional visibility into costs that inform the budget. As noted in the guidance, OMB expects that this new approach for utilizing financial data to inform the IT investment portfolio will enable the reconciliation of this portfolio with the department's budget submitted by the Chief Financial Officer. Further, this effort is to help CIOs work more closely and in partnership with the Chief Financial Officers by using budget object classes and sub-object classes as a way to reconcile different presentations of estimated costs. In addition, OMB's guidance stated that departments should begin to

identify where they lack capabilities or resources to deliver financial data for the new low-level IT cost categories (shown in figure 3), consider what changes are necessary to achieve the new reporting requirements, and take steps to align reporting with the categories.

Moreover, the President's Management Agenda stated that the changes to how IT spending is to be categorized were made, in part, because federal executives have long known that they could better manage the more than \$90 billion in federal government IT spending with increased visibility and more accurate data. The President's Management Agenda action plan identified several milestones and due dates for accomplishing the goal of improving federal IT spending transparency, such as determining data sources necessary for departments to report within the low-level cost categories and establishing the common tools and services for the required reporting by June 2019. Moreover, the action plan stated that federal departments are expected to report all of the spending within their IT portfolio against the cost categories by September 2019. Given that improving federal IT spending transparency has been identified as one of the President's top 14 management priorities and is critical to enabling department CIOs in carrying out their IT budgeting authorities from FITARA, it is important that OMB and departments take action now in order to meet the 2019 reporting requirements.

The Administration's approach for obtaining additional granularity on department IT investment spending, when implemented, should provide departments and CIOs enhanced visibility into IT costs across the portfolio. If implemented effectively, this approach could also provide departments additional assurance that their budgets are being informed by relevant IT costs.

Conclusions

Recognizing the importance of CIOs' ability to be responsible for IT budgeting, OMB's common baseline includes eight requirements that departments' policies and procedures should address to implement FITARA. While the four selected departments in our review either fully or partially addressed the majority of the requirements, none fully addressed all of them. The lack of policies and procedures was due, in part, to the fact that departments had not adequately addressed all of the required common baseline requirements in their FITARA implementation and delegation plans, as directed by OMB. Until the departments establish policies and procedures that address all requirements, they risk inconsistently applying requirements that are key to providing their CIOs

visibility into resources, input to resource plans, and meaningful review and approval of IT budgets.

In addition, the lack of policies and procedures has hampered the departments' ability to demonstrate their implementation of the common baseline requirements for their investments. While DOJ fully demonstrated implementation for the selected requirements for the majority of the investments we sampled, HHS and Treasury partially demonstrated implementation for a majority of their investments, and DOE had not demonstrated implementation for the majority of its investments. As a result, departments were not always able to show that these CIOs had adequate input to resource plans and review of their IT budgets. Without retaining supporting documentation to show how common baseline requirements have been addressed on individual investments, the departments will be challenged in consistently demonstrating that CIOs are sufficiently involved in planning and budgeting annual IT expenditures.

Finally, the four selected departments lacked quality assurance processes for ensuring their IT budgets are informed by reliable cost information. This resulted in billions of dollars that were requested without departments having comprehensive information to support those requests. Among other things, this was due to a lack of processes for periodically reviewing data quality and estimation methods for government labor estimates, as well as a lack of processes to cross-walk IT spending data in their procurement and accounting systems with investment data in their IT portfolio management systems.

The Administration's new approach of using a standard set of low-level cost categories to group IT spending could help departments address their lack of processes if properly implemented. It is important that OMB and departments meet the 2019 milestone dates associated with this approach so that department CIOs have additional transparency into IT spending and can make informed budget decisions. Nonetheless, departments will continue to have limited insight into IT budgeting until they capture all relevant IT costs in their budgets.

Recommendations for Executive Action

We are making a total of 43 recommendations, including 9 to DOE, 6 to NNSA, 10 to HHS, 4 to CMS, 4 to DOJ, 1 to FBI, 8 to Treasury, and 1 to IRS.

The Secretary of Energy should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that establish department-wide policy for the level of detail of planned expenditure reporting to the CIO for all transactions that include IT resources. (Recommendation 1)

The Secretary of Energy should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that include the CIO in the planning and budgeting stages for all programs that are fully or partially supported with IT resources. (Recommendation 2)

The Secretary of Energy should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that include the CIO as a member of governance boards that inform decisions regarding all IT resources, including component-level boards. (Recommendation 3)

The Secretary of Energy should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the processes by which program leadership works with the CIO to plan an overall portfolio of IT resources. (Recommendation 4)

The Secretary of Energy should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the process for the CIO's review and approval of the major IT investments portion of the budget request. (Recommendation 5)

The Secretary of Energy should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the CIO's role in reviewing IT resources that are to support major program objectives and significant increases and decreases in IT resources. (Recommendation 6)

The Secretary of Energy should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the steps the CIO is to take to ensure whether the IT portfolio

includes appropriate estimates of all IT resources included in the budget request. (Recommendation 7)

The Secretary of Energy should direct the Office of the CIO and other offices, as appropriate, to take steps to ensure that the actions taken to comply with OMB's common baseline for implementing FITARA on individual investments are adequately documented. (Recommendation 8)

The Secretary of Energy should ensure that the Office of the CIO and other offices, as appropriate, establish quality assurance processes—such as data quality checks, reviews of estimation methods, linkages between the IT portfolio and procurement system data, and linkages between the IT portfolio and financial system data—for ensuring the annual IT budget is informed by complete and reliable information on anticipated government labor, contract, and other relevant IT expenditures. (Recommendation 9)

The Administrator of NNSA should ensure that the Office of the CIO and other offices, as appropriate, develop and implement policies and procedures that establish agency-wide policy for the level of detail with which planned expenditures for all transactions that include IT resources are to be reported to the CIO. (Recommendation 10)

The Administrator of NNSA should ensure that the Office of the CIO and other offices, as appropriate, develop and implement policies and procedures that include the CIO in the planning and budgeting stages for all programs that are fully or partially supported with IT resources. (Recommendation 11)

The Administrator of NNSA should ensure that the Office of the CIO and other offices, as appropriate, develop and implement policies and procedures that include the CIO as a member of governance boards that inform decisions regarding all IT resources. (Recommendation 12)

The Administrator of NNSA should ensure that the Office of the CIO and other offices, as appropriate, develop and implement policies and procedures that document the process for the CIO's review and approval of the major IT investments portion of the budget request. (Recommendation 13)

The Administrator of NNSA should ensure that the Office of the CIO and other offices, as appropriate, develop and implement policies and procedures that document the CIO's role in reviewing IT resources that

are to support major program objectives and significant increases and decreases in IT resources. (Recommendation 14)

The Administrator of NNSA should direct the Office of the CIO and other offices, as appropriate, to take steps to ensure that the actions taken to comply with OMB's common baseline for implementing FITARA on individual investments are adequately documented. (Recommendation 15)

The Secretary of Health and Human Services should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that establish department-wide policy for the level of detail of planned expenditure reporting to the CIO for all transactions that include IT resources. (Recommendation 16)

The Secretary of Health and Human Services should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that include the CIO in the planning and budgeting stages for all programs that are fully or partially supported with IT resources. (Recommendation 17)

The Secretary of Health and Human Services should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that include the CIO as a member of governance boards that inform decisions regarding all IT resources, including component-level boards. (Recommendation 18)

The Secretary of Health and Human Services should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the processes by which program leadership works with the CIO to plan an overall portfolio of IT resources. (Recommendation 19)

The Secretary of Health and Human Services should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the process for the CIO's review and approval of the major IT investments portion of the budget request. (Recommendation 20)

The Secretary of Health and Human Services should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the CIO's role in reviewing IT resources that are to support major program objectives and significant increases and decreases in IT resources. (Recommendation 21)

The Secretary of Health and Human Services should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the steps the CIO is to take to ensure whether the IT portfolio includes appropriate estimates of all IT resources included in the budget request. (Recommendation 22)

The Secretary of Health and Human Services should direct the department CIO to establish, for any OMB common baseline requirements that are related to IT budgeting that have been delegated, a plan that specifies the requirement being delegated, demonstrates how the CIO intends to retain accountability for the requirement, and ensures through quality assurance processes that the delegated official will execute such responsibilities with the appropriate level of rigor. (Recommendation 23)

The Secretary of Health and Human Services should direct the Office of the CIO and other offices, as appropriate, to take steps to ensure that the actions taken to comply with OMB's common baseline for implementing FITARA on individual investments are adequately documented. (Recommendation 24)

The Secretary of Health and Human Services should ensure that the Office of the CIO and other offices, as appropriate, establish quality assurance processes—such as data quality checks, reviews of estimation methods, linkages between the IT portfolio and procurement system data, and linkages between the IT portfolio and financial system data—for ensuring the annual IT budget is informed by complete and reliable information on anticipated government labor, contract, and other relevant IT expenditures. (Recommendation 25)

The Administrator of CMS should ensure that the Office of the CIO and other offices, as appropriate, develop and implement policies and procedures that include the CIO in the planning and budgeting stages for all programs that are fully or partially supported with IT resources. (Recommendation 26)

The Administrator of CMS should ensure that the Office of the CIO and other offices, as appropriate, develop and implement policies and procedures that document the processes by which program leadership works with the CIO to plan an overall portfolio of IT resources. (Recommendation 27)

The Administrator of CMS should ensure that the Office of the CIO and other offices, as appropriate, develop and implement policies and procedures that document the CIO's role in reviewing IT resources that are to support major program objectives and significant increases and decreases in IT resources. (Recommendation 28)

The Administrator of CMS should direct the Office of the CIO and other offices, as appropriate, to take steps to ensure that the actions taken to comply with OMB's common baseline for implementing FITARA on individual investments are adequately documented. (Recommendation 29)

The Attorney General should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that establish department-wide policy for the level of detail of planned expenditure reporting to the CIO for all transactions that include IT resources. (Recommendation 30)

The Attorney General should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that include the CIO as a member of governance boards that inform decisions regarding all IT resources, including component-level boards. (Recommendation 31)

The Attorney General should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the steps the CIO is to take to ensure whether the IT portfolio includes appropriate estimates of all IT resources included in the budget request. (Recommendation 32)

The Attorney General should ensure that the Office of the CIO and other offices, as appropriate, establish quality assurance processes—such as data quality checks, reviews of estimation methods, linkages between the IT portfolio and procurement system data, and linkages between the IT

portfolio and financial system data—for ensuring the annual IT budget is informed by complete and reliable information on anticipated government labor, contract, and other relevant IT expenditures. (Recommendation 33)

The FBI Director should direct the Office of the CIO and other offices, as appropriate, to take steps to ensure that the actions taken to comply with OMB’s common baseline for implementing FITARA on individual investments are adequately documented. (Recommendation 34)

The Secretary of the Treasury should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department’s FITARA plans by developing and implementing policies and procedures that establish department-wide policy for the level of detail of planned expenditure reporting to the CIO for all transactions that include IT resources. (Recommendation 35)

The Secretary of the Treasury should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department’s FITARA plans by developing and implementing policies and procedures that include the CIO in the planning and budgeting stages for all programs that are fully or partially supported with IT resources. (Recommendation 36)

The Secretary of the Treasury should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department’s FITARA plans by developing and implementing policies and procedures that include the CIO as a member of governance boards that inform decisions regarding all IT resources, including component-level boards. (Recommendation 37)

The Secretary of the Treasury should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department’s FITARA plans by developing and implementing policies and procedures that document the process for the CIO’s review and approval of the major IT investments portion of the budget request. (Recommendation 38)

The Secretary of the Treasury should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department’s FITARA plans by developing and implementing policies and procedures that document the steps the CIO is to take to ensure whether the IT portfolio includes appropriate estimates of all IT resources included in the budget request. (Recommendation 39)

The Secretary of the Treasury should direct the department CIO to establish, for any OMB common baseline requirements that are related to IT budgeting that have been delegated, a plan that specifies the requirement being delegated, demonstrates how the CIO intends to retain accountability for the requirement, and ensures through quality assurance processes that the delegated official will execute such responsibilities with the appropriate level of rigor. (Recommendation 40)

The Secretary of the Treasury should direct the Office of the CIO and other offices, as appropriate, to take steps to ensure that the actions taken to comply with OMB's common baseline for implementing FITARA on individual investments are adequately documented. (Recommendation 41)

The Secretary of the Treasury should ensure that the Office of the CIO and other offices, as appropriate, establish quality assurance processes—such as data quality checks, reviews of estimation methods, linkages between the IT portfolio and procurement system data, and linkages between the IT portfolio and financial system data—for ensuring the annual IT budget is informed by complete and reliable information on anticipated government labor, contract, and other relevant IT expenditures. (Recommendation 42)

The IRS Commissioner should direct the Office of the CIO and other offices, as appropriate, to take steps to ensure that the actions taken to comply with OMB's common baseline for implementing FITARA on individual investments are adequately documented. (Recommendation 43)

Agency Comments and Our Evaluation

We provided a draft of this report to the four departments and four component agencies included in our review, as well as to OMB. In response, we received comments from two departments and three component agencies (HHS, CMS, DOJ, FBI, and IRS) which agreed with our recommendations. One department (DOE) partially agreed with one recommendation and agreed with the other recommendations made to it, as well as with the recommendations made to its component agency (NNSA). In addition, one department (Treasury) neither agreed nor disagreed with the recommendations. Further, OMB provided technical comments, which we incorporated in the report, as appropriate.

The following departments and component agencies agreed with all of the recommendations that we directed to them:

-
- HHS provided written comments, reprinted in appendix VI, stating that it concurred with the 10 recommendations made to the department, and with the 4 recommendations made to CMS. Of the recommendations made to the department, HHS stated that the processes it currently has in place address the various gaps in the department's FITARA plans, documentation, and quality assurance processes. However, HHS did not provide additional evidence to demonstrate that the weaknesses we identified have been mitigated. Thus, we maintain that the department needs to take further actions to address our recommendations. Until it takes the appropriate actions to address gaps in its FITARA plans, document the actions taken to comply with OMB's guidance, and implement key quality assurance processes, the department will be at increased risk that its CIO is not effectively engaged in IT budgeting decisions.

With regard to its component agency, HHS stated that CMS would take action to implement the recommendations made to it by updating the relevant policies and procedures to more explicitly identify the role of the CIO in developing the IT budget.

- In comments provided via email on September 27, 2018, an audit liaison in the Internal Review and Evaluation Office of the Justice Management Division stated that DOJ concurred with the four recommendations made to the department, and with the one recommendation made to FBI.
- IRS provided written comments, reprinted in appendix VII, stating that it concurred with our recommendation, has taken steps to begin implementing our recommendation, and is committed to making further progress toward fully implementing all OMB requirements when planning and budgeting for its individual investments.

DOE provided written comments, reprinted in appendix VIII, in which it concurred with eight of the nine recommendations made to the department and partially concurred with one recommendation. The department also concurred with all six recommendations made to NNSA.

Of the nine recommendations made to DOE, the department stated that it already had processes in place, or had taken action to address six of the recommendations, including the recommendation with which it partially concurred. However, the department did not provide sufficient evidence to demonstrate that the weaknesses we identified had been mitigated. Thus, we maintain that the recommendations warrant further actions. Until DOE takes the appropriate actions to address gaps in its FITARA plans, document the actions taken to comply with OMB's guidance, and implement key quality assurance processes, the department will be at

increased risk that the CIO is not effectively engaged in IT budgeting decisions.

In addition, DOE stated that NNSA's Office of the CIO plans to develop policies and procedures—in collaboration with the component agency's Office of Acquisition and Project Management and the agency's Office of Management and Budget—that should address the findings and six recommendations made to NNSA. The department anticipates that the policies and procedures will be finalized by March 31, 2019.

Lastly, Treasury responded via email on September 28, 2018, but did not state whether it agreed or disagreed with our eight recommendations. Specifically, an audit liaison in Treasury's Office of the CIO stated that the department believes it is implementing most of the OMB common baseline requirements in practice, but agreed that gaps exist in its policies and documentation. The official added that the department had started work on strengthening existing policies and procedures or developing new ones to close the gaps uncovered by our review.

We are sending copies of this report to the appropriate congressional requesters; OMB; the Secretaries of the Departments of Energy, Health and Human Services, and the Treasury; the Attorney General; the Administrator of NNSA, the Administrator of CMS, the FBI Director, and the IRS Commissioner. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4456 or at harriscc@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 key contributions to this report are listed in appendix IX.



Carol C. Harris
Director, Information Technology Acquisition Management Issues

List of Congressional Requesters

The Honorable Trey Gowdy
Chairman

The Honorable Elijah E. Cummings
Ranking Member
Committee on Oversight and Government Reform
House of Representatives

The Honorable Mark Meadows
Chairman

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

The Honorable Will Hurd
Chairman

The Honorable Robin L. Kelly
Ranking Member
Subcommittee on Information Technology
Committee on Oversight and Government Reform
House of Representatives

Appendix I: Objectives, Scope, and Methodology

Our objectives were to determine the extent to which selected federal agencies (1) established policies and procedures in place that address the information technology (IT) budgeting requirements of the Federal Information Technology Acquisition Reform Act (FITARA) and related Office of Management and Budget (OMB) IT budget guidance, (2) could demonstrate that they had developed fiscal year 2017 IT budgets for sampled investments consistent with FITARA and OMB guidance, and (3) implemented processes to ensure that annual IT budgets are informed by reliable cost information.

To address our objectives, we first identified the subset of the 24 agencies covered by the Chief Financial Officers Act that had a fiscal year 2017 IT budget request of at least \$1 billion.¹ From this subset, we then identified the four agencies having the two highest and the two lowest average initial FITARA self-assessment scores,² which included an assessment of OMB's common baseline for IT management (common baseline).³ In the event that one or more agencies had the same average

¹The 24 agencies covered by the Chief Financial Officers Act are the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, Justice, Labor, State, Transportation, Treasury, and Veterans Affairs as well as the U.S. Agency for International Development, Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, National Science Foundation, Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, and Social Security Administration. As relevant here, FITARA defines a covered agency as the Chief Financial Officers Act agencies. We excluded the Department of Defense because it is not required to adhere to FITARA's budgeting requirements and related OMB guidance, and we excluded the Department of Homeland Security because we had another ongoing review of FITARA implementation at the agency at the time of this review.

²Each agency was required to assess its conformity with OMB's common baseline framework, which is based on the requirements in FITARA. A rating of 1 meant that the agency had not started a development plan to implement the requirement, a rating of 2 meant that the agency had a development plan in progress, and a rating of 3 meant that the agency had developed and implemented its plan to address the requirement. The Department of Energy's initial average self-assessment score within the budget formulation category of OMB's common baseline was 1.5 out of 3.0, the Department of Health and Human Services's was 2.0 out of 3.0, the Department of the Treasury's was 2.8 out of 3.0, and the Department of Justice's was 3.0 out of 3.0.

³OMB, *Management and Oversight of Federal Information Technology*, M-15-14 (Washington, D.C.: June 10, 2015). According to OMB, the common baseline is to provide guidance on the CIO's and other senior agency officials' roles and responsibilities for the management of IT, provide a framework for agencies to implement the specific authorities that FITARA provides for Chief Financial Officers Act agency CIOs, and build upon responsibilities established by the Clinger-Cohen Act of 1996.

self-assessment scores, we selected the agency with the largest fiscal year 2017 IT budget. Based on these criteria, we selected four departments for our review: (1) the Department of Energy (DOE), (2) the Department of Health and Human Services (HHS), (3) the Department of Justice (DOJ), and (4) the Department of the Treasury (Treasury).

In addition, for each of these four departments, we selected their component agencies that had the largest fiscal year 2017 IT budget request. The components within the four selected departments were: (1) the National Nuclear Security Administration (NNSA) within DOE, (2) the Centers for Medicare and Medicaid Services (CMS) within HHS, (3) the Federal Bureau of Investigation (FBI) within DOJ, and (4) the Internal Revenue Service (IRS) within Treasury.

For the first objective, we compared the selected departments' policies and procedures to requirements selected from OMB's FITARA guidance (referred to as the common baseline) that related to developing departments' IT budgets.⁴ In selecting the requirements, we reviewed 10 areas related to budget formulation and execution within OMB's common baseline, and used professional judgment to select 8 requirements that we believed would significantly impact the development and approval of departments' annual IT budgets. In doing so, we excluded one requirement that affected the development of annual IT budgets to a lesser extent and combined one requirement that was similar to another. Specifically, we excluded the requirement from the area related to the chief information officer's (CIO) role in program management because the CIO's review of program management artifacts could not be directly related to the IT budget review and approval process.

In addition, two common baseline areas had a similar requirement that the CIO be involved in the internal planning of IT resources prior to the budget submission. We combined these into one requirement for our review. We consulted with OMB officials in the Office of the Federal CIO on the requirements that we selected and how we planned to evaluate them and the officials agreed with our approach.

The eight OMB common baseline requirements within budget formulation and execution that we identified and selected are:

⁴M-15-14. The requirements that we reviewed were generally consistent with OMB Circular A-130, *Managing Information as a Strategic Resource* (July 28, 2016).

- establish the level of detail with which IT resources are to be described in order to inform the CIO during the planning and budgeting processes;
- establish agency-wide policy for the level of detail with which planned expenditures for all transactions that include IT resources are to be reported to the CIO;
- include the CIO in the planning and budgeting stages for programs that are fully or partially supported with IT resources;
- include the CIO as a member of governance boards that inform decisions regarding all IT resources, including component-level governance boards;
- document the processes by which program leadership works with the CIO to plan an overall portfolio of IT resources;
- ensure the CIO has reviewed and approved the major IT investments portion of the budget request;
- ensure the CIO has reviewed IT resources that are to support major program objectives and significant increases and decreases in IT resources; and
- ensure the CIO has reviewed whether the IT portfolio includes appropriate estimates of all IT resources included in the budget request.

After determining the eight requirements that we would review, we categorized them into three areas: CIO visibility into IT resources, CIO input to IT resource plans, and CIO review and approval of IT budgets.

We then reviewed the current policies and procedures that each department had documented for its IT budgeting process to determine whether the department documented a process for how they would address each of the eight common baseline requirements we selected for review. In addition to policies and procedures, we also reviewed each department's FITARA implementation plan, which included a description of the steps the department must take to ensure that all FITARA and OMB requirements would be implemented; and the delegation memorandums from department CIOs, in which formal assignments of

responsibilities to other department officials are documented, where applicable.⁵

In cases where the department CIO fully or partially delegated responsibilities to component officials, we requested relevant documentation from the agency component with the largest fiscal year 2017 IT budget request. In such cases, we based our determination of departments' implementation of the requirement on (1) the extent to which the component agency had documented policies and procedures that carried out the delegated requirement and (2) the extent to which the department CIO had procedures for ensuring the delegation was being carried out by the components.

With regard to our second objective, we determined whether the selected departments had implemented key IT budgeting requirements for a non-generalizable sample of investments in their fiscal year 2017 budget formulation. In doing so, we chose 16 investments—the largest major and non-major investments at the department level and the largest major and non-major investments at the component level—based on the selected departments' fiscal year 2017 IT budget request.⁶ Although the information obtained is not generalizable to all of the departments' investments, the sample provided a range of examples and conditions under which the departments were implementing requirements found in OMB's common baseline.

We then identified a subset of requirements from the eight department requirements for developing IT budgets found in OMB's common baseline for which implementation could be observed at the investment level. In doing so, we used professional judgment to select the subset of requirements where actions taken to implement these requirements could be observed for individual investments. Specifically, we did not select the requirement to establish agency-wide policy for the level of detail with which planned expenditures for all transactions that include IT resources are to be reported to the CIO, because the requirement primarily applied

⁵OMB allowed agency CIOs to designate other agency officials to carry out most of the responsibilities in the common baseline. When doing so, agency CIOs were to develop an assignment plan that included evidence of how the CIO retains accountability and how the appropriate level of rigor is to be executed by the designated official.

⁶We did not include in our selection investments that were categorized as "grants to states and local IT investment" because OMB's common baseline requirements were not applicable to such investments.

to enterprise-wide policymaking and reporting. Also, we did not select the requirement to include the CIO as a member of governance boards that inform decisions regarding all IT resources for review on individual investments because certain investments may not have been subject to governance board reviews during fiscal year 2017. In addition, we did not select the requirement to ensure the CIO has reviewed and approved the major IT investments portion of the budget request for review on individual investments because half of the investments we selected were not classified as major investments.

The five requirements for which we selected and reviewed implementation at the investment level were:

- IT resources for each investment are described in order to inform the CIO during the planning and budgeting processes;
- the CIO is included in the planning and budgeting stages for investments with IT resources;
- program leadership works with the CIO to plan the investment's IT resources;
- the CIO reviews whether the investment's IT resources support major program objectives and have increased or decreased significantly; and
- the CIO reviews whether the investment's estimates of IT resources in the portfolio and budget request are appropriate.

For each investment, if available, we obtained artifacts for the fiscal year 2017 budget submission—such as briefings, reports, meeting minutes, memorandums, and other relevant documentation showing the CIO's involvement in relevant reviews or decisions. We compared this documentation to relevant OMB requirements for developing the IT budget at the individual investment level.

To address our third objective, we assessed the selected departments' efforts to develop their fiscal year 2017 budget with reliable cost information by comparing the department's IT capital planning and budgeting processes against best practices identified by us and the International Organization for Standardization—such as capturing government labor costs, aligning contract costs with investments, and

utilizing budget object class data.⁷ We selected these three practices (from among others) because of their potential to inform the development of a complete and accurate IT budget for a federal department.

- **Capturing government labor costs.** We reviewed each selected departments' IT capital planning policies and procedures and government labor estimates within the 2017 IT budget submission reported on the Federal IT Dashboard. For each selected department, we identified the processes by which forecasted government labor costs are to be captured within investment proposals submitted with the annual IT budget. We then analyzed each department's 2017 IT investment proposals to determine whether the department was capturing government labor for each investment. In doing so, we analyzed each selected department's IT portfolio submitted with its fiscal year 2017 budget to determine whether the identified investments had included planned government labor costs, as required by OMB.
- **Aligning contract costs with investments.** We reviewed each selected departments' IT capital planning policies and procedures, contract-related information within the 2017 IT budget submission reported on the Federal IT Dashboard, and contract obligation data reported within the Federal Procurement Data System-Next Generation.⁸ From these document reviews, we identified the processes by which contract-related costs are to be captured within investment proposals submitted with the annual IT budget. We then determined whether departments were able to align current contracts

⁷GAO, *Results-Oriented Budget Practices in Federal Agencies*, [GAO-01-1084SP](#) (Washington, D.C.: Aug. 2001); *Information Technology Investment Management: A Framework for Assessing and Improving Process Maturity*, Ver. 1.1, [GAO-04-394G](#) (Washington, D.C.: Mar. 2004); *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, [GAO-09-3SP](#) (Washington, D.C.: Mar. 2009); and International Organization for Standardization, *ISO/IEC 20000-1:2011, Information technology—Service management—Part 1: Service management system requirements* (Geneva, Switzerland: Apr. 15, 2011); and *ISO/IEC 20000-2:2012, Information technology — Service management — Part 2: Guidance on the application of service management systems* (Geneva, Switzerland: Feb. 15, 2012). ©ISO. This material is reproduced from ISO/IEC 20000-1: 2011 and 20000-2:2012 with permission of the American National Standards Institute (ANSI) on behalf of the International Organization for Standardization. The complete standards can be purchased from ANSI at <https://webstore.ansi.org>. All rights reserved.

⁸The Federal Procurement Data System-Next Generation is a web-based tool for agencies to report contract transactions. It is a searchable database of contract information that provides a capability to examine data across government agencies and provides managers a mechanism for determining where contract dollars are being spent.

with 2017 IT investment proposals. In doing so, we identified fiscal year 2016 contracts that departments reported in the Federal Procurement Data System-Next Generation that had an IT-related product or service code and an expected completion date that extended into fiscal year 2017 or beyond.⁹ We then attempted to match, using the unique procurement identification number for each contract, a corresponding IT investment for those contracts in departments' fiscal year 2017 IT budget data. For contracts that we could not find a match, or alignment, with investments in departments' fiscal year 2017 IT budget data, we identified dollars obligated on those contracts from October 2016 through September 2017.

- **Utilizing budget object class data.** We reviewed each selected departments' IT capital planning policies and procedures, budget object classes that are to help track IT financial transactions,¹⁰ and OMB's fiscal year 2019 IT capital planning guidance that calls for greater use of IT financial data.¹¹ We then assessed whether departments' IT capital planning processes utilized budget object class information to ensure that relevant IT costs are being captured as investments for the annual IT budget.

We assessed the reliability of reported government labor costs by identifying instances in which investments had not included planned government labor costs and by corroborating those instances with officials in the departments' offices of the CIO. We determined that the data were sufficiently reliable for our purposes. Where we identified data quality issues in capturing government labor costs for department investments, we included those in the findings of this report. We also

⁹The Category Management Leadership Council developed its list of 79 IT-related codes by mapping product and service codes to the following categories: IT software, IT hardware, IT consulting, IT security, IT outsourcing, and telecommunications. The full list is available at https://www.acquisition.gov/Category_Management.

¹⁰Budget object classification involves identifying the obligations of the federal government by the types of goods or services purchased (such as personnel compensation, supplies and materials, and equipment) without regard to the agency involved or the purpose of the programs for which they are used. OMB provides general instructions on budget object classification and guidance on how to classify IT-related expenditures in OMB Circular No. A-11, section 83. OMB provides a standard structure of budget object classes that all agencies are to use from which agencies may develop more detailed sub-object classes for classifying expenditures in greater detail.

¹¹OMB, *Circular No. A-11: Preparation, Submission, and Execution of the Budget*, Section 55—Information Technology Investments, *FY 2019 IT Budget – Capital Planning Guidance* (Washington, D.C.: Aug. 1, 2017).

assessed the reliability of Federal Procurement Data System-Next Generation data by performing electronic testing of selected data elements and reviewing existing information about the system and the data it produces. Specifically, we reviewed the data dictionary, data validation rules, and the fiscal year 2016 *Federal Government Procurement Data Quality Summary* for agency data in the Federal Procurement Data System-Next Generation. We determined that the data were sufficiently reliable for our purposes.

We supplemented our review with interviews with officials in the departments' offices of the CIO, Chief Financial Officer, and program offices to include discussions of our observations of any shortfalls in their processes.

We conducted this performance audit from January 2017 to November 2018 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 II: Department of Energy Detailed Analysis

Table 5: Extent to Which Policies and Procedures Addressed Selected Office of Management and Budget (OMB) Common Baseline Requirements for Implementing the Federal Information Technology Acquisition Reform Act (FITARA)—Department of Energy (DOE) and National Nuclear Security Administration (NNSA)

Selected OMB common baseline requirements	Department	Rating	GAO's assessment
<i>Chief Information Officer (CIO) visibility into information technology (IT) resources</i>			
Establish the level of detail with which IT resources are to be described in order to inform the CIO during the planning and budgeting processes	DOE	●	DOE established department-wide IT capital planning and budgeting procedures that document the level of detail with which IT resources are to be described during the planning and budgeting process. The documented level of detail included OMB's required reporting on government labor and certain resources for infrastructure investments.
	NNSA	N/A	This requirement was assigned at the department level.
Establish agency-wide policy for the level of detail with which planned expenditures for all transactions that include IT resources are to be reported to the CIO	DOE	●	DOE documented IT capital planning procedures for the level of detail of planned expenditure reporting. However, the procedures did not explicitly require that all transactions with an IT component be included in the expenditure reporting.
	NNSA	○	DOE's FITARA implementation plan stated that the NNSA CIO was to work with the chief financial officer and chief acquisition officer to update NNSA's policies to ensure they documented the level of detail for planned expenditure reporting for all IT transactions. However, NNSA had not established such policies and procedures.
<i>CIO input to IT resource plans</i>			
Include the CIO in the planning and budgeting stages for programs that are fully or partially supported with IT resources	DOE	●	DOE documented IT capital planning and annual budgeting procedures that included the CIO in the planning and budgeting stages for some, but not all programs identified as having IT resources. Specifically, at the time of our review, the department had not yet documented procedures for ensuring the CIO was included in budget decisions for all programs with IT resources, including those within NNSA and national laboratories.
	NNSA	○	According to DOE's FITARA implementation plan and a memorandum from the Secretary providing further instructions on FITARA, NNSA was to provide an opportunity for the department CIO to provide input in its planning and budgeting stages for programs with IT resources and to document related review processes. However, at the time of our review, NNSA had not yet established the procedures that were to detail how this process was to be carried out.
Include the CIO as a member of governance boards that inform decisions regarding all IT resources, including component-level governance boards	DOE	●	DOE developed charters that included the CIO as a member of department-level IT governance boards, but had not included the CIO as a member of component-level IT investment review boards.
	NNSA	○	According to DOE's FITARA implementation plan, NNSA was to allow the DOE CIO to provide input into NNSA acquisition decisions through its IT investment review board. However, at the time of our review, NNSA had not yet finalized its investment review board charter and related procedures to include the DOE CIO.

Appendix II: Department of Energy Detailed Analysis

Selected OMB common baseline requirements	Department	Rating	GAO's assessment
Document the processes by which program leadership works with the CIO to plan an overall portfolio of IT resources	DOE	●	DOE documented IT governance board procedures by which the CIO is to work with program leadership in planning IT resources for some, but not all of the programs subject to department-level governance board reviews. Specifically, at the time of our review, the department had not yet documented procedures by which the CIO was to work with program leadership in planning IT resources within NNSA and national laboratories, including high-performance computing efforts.
	NNSA	N/A	This requirement was assigned at the department level.
<i>CIO review and approval of IT budgets</i>			
Ensure the CIO has reviewed and approved the major IT investments portion of the budget request	DOE	●	DOE documented IT capital planning and governance board procedures for its CIO to review and approve some, but not all of its major IT investments. Specifically, at the time of our review, the department had not yet documented procedures for the CIO to review major investments within NNSA and national laboratories, including high-performance computing efforts.
	NNSA	○	According to DOE's FITARA implementation plan, the NNSA CIO was to review and approve NNSA major IT investments and provide the DOE CIO an opportunity to review and provide input prior to the final decision. However, at the time of our review, procedures to do so had not yet been established.
Ensure the CIO has reviewed IT resources that are to support major program objectives and significant increases and decreases in IT resources	DOE	○	At the time of our review, DOE had not yet documented procedures for reviewing IT resources that are to support major program objectives and significant increases and decreases in IT resources for other department and component agency budget requests. DOE delegated the responsibility to meet this requirement to NNSA for their programs.
	NNSA	○	According to DOE's FITARA implementation plan, the NNSA CIO was to review and approve NNSA major IT investments and provide the DOE CIO an opportunity to review and provide input prior to the final decision. However, at the time of our review, procedures to do so had not yet been established. In addition, NNSA had not documented procedures by which the NNSA CIO was to review IT resources that are to support major program objectives as well as significant increases and decreases in IT resources.
Ensure the CIO has reviewed whether the IT portfolio includes appropriate estimates of all IT resources included in the budget request	DOE	○	DOE had not documented procedures for this requirement.
	NNSA	N/A	This requirement was assigned at the department level.

Legend:

- = The department provided documentation that demonstrated that the department or delegated component agency satisfied the OMB common baseline requirement.
- (with a dot) = The department provided documentation that demonstrated that the department or delegated component agency satisfied some but not all of the OMB common baseline requirement.
- = The department could not provide documentation that demonstrated that the department or delegated component agency satisfied any of the OMB common baseline requirement.
- N/A = The component agency was not officially delegated the identified responsibilities for the OMB common baseline requirement.

Source: GAO analysis of department data. | GAO-19-49

Table 6: Extent to Which the Department of Energy (DOE) and National Nuclear Security Administration (NNSA) Implemented Selected Office of Management and Budget (OMB) Common Baseline Requirements for Implementing the Federal Information Technology Acquisition Reform Act (FITARA) in Developing Fiscal Year 2017 Budgets for Sampled Investments

Selected OMB common baseline requirements	Investment type	Rating	GAO's assessment
<i>Chief Information Officer (CIO) visibility into information technology (IT) resources</i>			
IT resources for each investment are described in order to inform the CIO during the planning and budgeting processes	DOE major	●	DOE described IT resources through an internal planning tool that was used in developing the funding proposal that distinctly identified IT resources for the investment.
	DOE non-major	○	DOE could not demonstrate that it had described the investment's IT resources during the planning and budgeting processes.
	NNSA major	●	NNSA described IT resources through an internal program planning artifact used in developing the funding proposal that distinctly identified IT resources for the investment.
	NNSA non-major	○	NNSA could not demonstrate that it had described the investment's IT resources during the planning and budgeting processes.
<i>CIO input to IT resource plans</i>			
The CIO is included in the planning and budgeting stages for investments with IT resources	DOE major	○	DOE could not demonstrate that the CIO was involved in the planning and budgeting stages for the sampled investment's IT resources.
	DOE non-major	○	DOE could not demonstrate that the CIO was involved in the planning and budgeting stages for the sampled investment's IT resources.
	NNSA major	○	NNSA could not demonstrate that the CIO was involved in the planning and budgeting stages for the sampled investment's IT resources.
	NNSA non-major	●	NNSA included the NNSA CIO in the planning and budgeting stages for the investment through the CIO's review of acquisition planning artifacts that included the investment's fiscal year 2017 funding proposal.
Program leadership works with the CIO to plan the investment's IT resources	DOE major	○	DOE could not demonstrate that the CIO worked with program leadership to plan the sampled investment's IT resources.
	DOE non-major	○	DOE could not demonstrate that the CIO worked with program leadership to plan the sampled investment's IT resources.
	NNSA major	○	NNSA could not demonstrate that the CIO worked with program leadership to plan the sampled investment's IT resources.
	NNSA non-major	○	NNSA could not demonstrate that the CIO worked with program leadership to plan the sampled investment's IT resources.
<i>CIO review and approval of IT budgets</i>			
The CIO reviews whether the investment's IT resources support major program objectives and	DOE major	○	DOE could not demonstrate that the CIO reviewed the investment's alignment with major program objectives or changes in resources.
	DOE non-major	○	DOE could not demonstrate that the CIO reviewed the investment's alignment with major program objectives or changes in resources.

Appendix II: Department of Energy Detailed Analysis

Selected OMB common baseline requirements	Investment type	Rating	GAO's assessment
have increased or decreased significantly	NNSA major	○	NNSA could not demonstrate that the CIO reviewed the investment's alignment with major program objectives or changes in resources.
	NNSA non-major	●	The CIO reviewed IT resources that are to support major program objectives through business case materials that described the goals that the investment supported. In addition, the CIO reviewed decreases in the annual resource requirements by reviewing acquisition planning artifacts that included the investment's cost estimate details.
The CIO reviews whether the investment's estimates of IT resources in the portfolio and budget request are appropriate	DOE major	○	DOE could not demonstrate that the CIO reviewed the appropriateness of IT resource estimates underlying the investment's budget request.
	DOE non-major	○	DOE could not demonstrate that the CIO reviewed the appropriateness of IT resource estimates underlying the investment's budget request.
	NNSA major	○	NNSA could not demonstrate that the CIO reviewed the appropriateness of IT resource estimates underlying the investment's budget request.
	NNSA non-major	●	The NNSA CIO took steps to ensure the appropriateness of IT resource estimates included in the investment's budget request by reviewing acquisition planning artifacts that included details on the fiscal year 2017 cost estimates.

Legend:

- = The department or component demonstrated that it had implemented the OMB common baseline requirement on the investment.
- ◐ = The department or component demonstrated that it had implemented some but not all of the OMB common baseline requirement on the investment.
- = The department or component could not demonstrate that it had implemented the OMB common baseline requirement on the investment.

Source: GAO analysis of department data. | GAO-19-49

Appendix III: Department of Health and Human Services Detailed Analysis

Table 7: Extent to Which Policies and Procedures Addressed Selected Office of Management and Budget (OMB) Common Baseline Requirements for Implementing the Federal Information Technology Acquisition Reform Act (FITARA)—Department of Health and Human Services (HHS) and the Centers for Medicare and Medicaid Services (CMS)

Selected OMB common baseline requirements	Department	Rating	GAO's assessment
<i>Chief Information Officer (CIO) visibility into information technology (IT) resources</i>			
Establish the level of detail with which IT resources are to be described in order to inform the CIO during the planning and budgeting processes	HHS	●	HHS established department-wide IT capital planning and budgeting procedures that document the level of detail with which IT resources are to be described during the planning and budgeting process. The documented level of detail included OMB's required reporting on government labor and certain resources for infrastructure investments.
	CMS	N/A	This requirement was assigned at the department level.
Establish agency-wide policy for the level of detail with which planned expenditures for all transactions that include IT resources are to be reported to the CIO	HHS	◉	HHS documented IT capital planning procedures for the level of detail of planned expenditure reporting. However, the procedures had not explicitly required that all transactions with an IT component are included in the expenditure reporting.
	CMS	N/A	This requirement was assigned at the department level.
<i>CIO input to IT resource plans</i>			
Include the CIO in the planning and budgeting stages for programs that are fully or partially supported with IT resources	HHS	◉	HHS documented IT capital planning procedures for including the CIO in the planning and budgeting stages for new programs with IT resources that are greater than or equal to \$20 million annually. However, at the time of our review, the department had not documented procedures for ensuring the CIO was included in the budget decisions for existing programs with IT resources that are greater than or equal to \$20 million annually or for other programs that may have IT resources, such as those that are not primarily IT-oriented. The HHS CIO delegated the responsibility for carrying out this requirement to component CIOs for investments less than \$20 million annually. However, HHS had not established procedures for ensuring its components were carrying out this responsibility.
	CMS	◉	CMS documented annual IT budget instructions and governance board procedures for the component CIO's involvement in the planning and budgeting stages for major investments less than \$20 million annually. However, CMS had not documented procedures for how the CIO was to be involved in budgeting decisions for non-major investments.
Include the CIO as a member of governance boards that inform decisions regarding all IT resources, including component-level governance boards	HHS	◉	HHS developed charters that included the CIO on department-level governance boards that inform decisions regarding IT resources, such as the HHS Domain IT Steering Committee and the Chief Technology Officer Council. However, the HHS CIO was not a member of the Service and Supply Fund board—which reviews and approves operations and common service spending across the department—and other component-level IT investment review boards at CMS. The HHS CIO delegated the responsibility for carrying out this requirement to CMS's CIO for investments less than \$20 million annually. However, HHS had not established procedures for ensuring components were carrying out this responsibility.

Appendix III: Department of Health and Human Services Detailed Analysis

Selected OMB common baseline requirements	Department	Rating	GAO's assessment
	CMS	●	CMS included its CIO as a member of the IT investment review board to oversee investments that are less than \$20 million annually, consistent with the delegation from the HHS CIO.
Document the processes by which program leadership works with the CIO to plan an overall portfolio of IT resources	HHS	◐	HHS documented IT capital planning and governance board procedures by which the CIO is to work with program leadership to plan IT resources for new investments greater than or equal to \$20 million annually. However, the department had not established procedures by which the CIO is to work with program leadership in planning resources for existing investments greater than or equal to \$20 million annually. HHS's CIO delegated the responsibility of reviewing and approving IT investments to components for investments less than \$20 million annually. However, HHS had not established procedures for ensuring its components were carrying out this responsibility.
	CMS	◐	CMS documented the procedures by which program leadership was to work with the CMS CIO to plan IT resources for selected major and non-major investments through its IT investment review board. ^a However, CMS had not established procedures for how the CIO was to work directly with program leadership on non-major IT investments that are not subject to the IT investment review board.
<i>CIO review and approval of IT budgets</i>			
Ensure the CIO has reviewed and approved the major IT investments portion of the budget request	HHS	◐	HHS documented IT capital planning and governance board procedures by which the CIO is to review and approve new major IT investments greater than or equal to \$20 million annually. However, the department had not established procedures by which the CIO was to review and approve other major IT investments, including major investments greater than or equal to \$20 million annually that are not new investments. The HHS CIO delegated the responsibility of the requirement to review and approve major investments between \$10 million and \$20 million annually to its component CIOs. However, at the time of our review, HHS had not established procedures for ensuring its components carried out the responsibility.
	CMS	●	CMS documented procedures for its CIO to review and approve major IT investments that are between \$10 million and \$20 million annually through its IT capital planning and governance board procedures, consistent with its delegation from the HHS CIO.
Ensure the CIO has reviewed IT resources that are to support major program objectives and significant increases and decreases in IT resources	HHS	○	HHS had not documented procedures for the CIO's review of significant increases and decreases in IT resources. In addition, the HHS CIO delegated the responsibility for the requirement to review IT resources that are to support major program objectives to component-level CIOs for investments less than \$20 million annually. However, HHS had not established procedures for ensuring its components carried out the responsibility.
	CMS	○	CMS had not documented procedures for how the component was to review IT resources that are to support major program objectives, consistent with its delegated responsibility by the HHS CIO.

Appendix III: Department of Health and Human Services Detailed Analysis

Selected OMB common baseline requirements	Department	Rating	GAO's assessment
Ensure the CIO has reviewed whether the IT portfolio includes appropriate estimates of all IT resources included in the budget request	HHS	○	HHS has not documented procedures for this requirement.
	CMS	N/A	This requirement was assigned at the department level.

Legend:

- = The department provided documentation that demonstrated that the department or delegated component agency satisfied the OMB common baseline requirement.
- ◐ = The department provided documentation that demonstrated that the department or delegated component agency satisfied some but not all of the OMB common baseline requirement.
- = The department could not provide documentation that demonstrated that the department or delegated component agency satisfied any of the OMB common baseline requirement.
- N/A = The component agency was not officially delegated the identified responsibilities for the OMB common baseline requirement.

Source: GAO analysis of department data. | GAO-19-49

^aThe CMS investment review board reviews selected major and non-major investments that are considered high risk and/or mission critical.

Table 8: Extent to Which the Department of Health and Human Services (HHS) and the Centers for Medicare and Medicaid Services (CMS) Implemented Selected Office of Management and Budget (OMB) Common Baseline Requirements for Implementing the Federal Information Technology Acquisition Reform Act (FITARA) in Developing Fiscal Year 2017 Budgets for Sampled Investments

Selected OMB common baseline requirements	Investment type	Rating	GAO's assessment
<i>Chief Information Officer (CIO) visibility into information technology (IT) resources</i>			
IT resources for each investment are described in order to inform the CIO during the planning and budgeting processes	HHS major	◐	HHS demonstrated that it had described IT resources in a line item budget estimate prepared for a department-level governance board for a portion of the investment totaling nearly \$15.8 million. However, HHS could not provide evidence for the remaining portion of the investment's total budget of \$33 million as reported to OMB.
	HHS non-major	○	HHS could not demonstrate that it had described the investment's IT resources during the planning and budgeting processes.
	CMS major	◐	CMS described the investment's IT resources during the planning and budgeting processes by utilizing 36 categories of IT for the investment within its fiscal year 2017 budget request. However, CMS did not distinctly identify government labor resources within the investment's budget request.
	CMS non-major	◐	CMS described the investment's IT resources during the planning and budgeting processes by utilizing 36 categories of IT in its fiscal year 2017 budget request. However, CMS did not distinctly identify government labor resources within the investment's budget request.

**Appendix III: Department of Health and Human
Services Detailed Analysis**

Selected OMB common baseline requirements	Investment type	Rating	GAO's assessment
<i>CIO input to IT resource plans</i>			
The CIO is included in the planning and budgeting stages for investments with IT resources	HHS major	●	The HHS CIO was included in the planning and budgeting stages of the sampled investment by reviewing the IT resources through budget analysis meetings with the program office and department-level governance board. However, the review board only discussed nearly \$15.8 million of the \$33 million in total IT resources for the investment that was reported to OMB, and HHS officials could not demonstrate that the CIO was involved in the planning and budgeting stages for the remaining portion of the budget request.
	HHS non-major	○	HHS could not demonstrate that the CIO was involved in the planning and budgeting stages for the sampled investment's IT resources.
	CMS major	●	The CMS CIO was included in the planning and budgeting stages for the sampled investment by reviewing and approving the investment's budget request. However, HHS could not demonstrate that the department-level CIO was involved in the budgeting process for the investment's IT resources through governance board reviews, as required by HHS policy. In addition, HHS could not demonstrate that the responsibility for this requirement had been delegated to the CMS CIO for the fiscal year 2017 budget request.
	CMS non-major	●	The CMS CIO was included in the planning and budgeting stages for the sampled investment by reviewing the investment's budget. However, HHS could not demonstrate that the department-level CIO was involved in the budgeting process for the investment's IT resources through governance board reviews, as required by HHS policy. In addition, HHS could not demonstrate that the responsibility for this requirement had been delegated to the CMS CIO for the fiscal year 2017 budget request.
Program leadership works with the CIO to plan the investment's IT resources	HHS major	●	HHS demonstrated that the CIO worked with program leadership to plan the investment's IT resources through a department-level governance board meeting with program leadership, a briefing with the program office, and direction to investment managers to plan for a different funding scenario when determining the investment's IT resource estimate.
	HHS non-major	○	HHS could not demonstrate that the CIO worked with program leadership to plan the sampled investment's IT resources.
	CMS major	●	The CMS CIO worked with program leadership to plan the investment's IT resources by chairing the CMS IT investment review board that approved the investment's funding proposal. However, HHS could not demonstrate that the department-level CIO was involved in the planning process for the investment's IT resources as required by HHS policy. In addition, HHS could not demonstrate that the responsibility for this requirement had been delegated to the CMS CIO for the fiscal year 2017 budget request.
	CMS non-major	●	The CMS CIO worked with program leadership to plan the investment's IT resources by chairing the CMS IT investment review board that reviewed the investment's funding proposal. However, HHS could not demonstrate that the department-level CIO was involved in the planning process for the investment's IT resources as required by HHS policy. In addition, HHS could not demonstrate that the responsibility for this requirement had been delegated to the CMS CIO for the fiscal year 2017 budget request.

**Appendix III: Department of Health and Human
Services Detailed Analysis**

Selected OMB common baseline requirements	Investment type	Rating	GAO's assessment
<i>CIO review and approval of IT budgets</i>			
The CIO reviews whether the investment's IT resources support major program objectives and have increased or decreased significantly	HHS major	●	The HHS CIO reviewed the investment's alignment with major program objectives during an annual operational analysis review in December 2015. However, HHS did not demonstrate that the CIO reviewed the increase in IT resources for the investment totaling \$33 million, more than double its initial estimate of nearly \$15.8 million.
	HHS non-major	○	HHS could not demonstrate that the CIO reviewed the investment's alignment with major program objectives or changes in resources.
	CMS major	●	The CMS CIO reviewed changes in resources identified within individual activity funding requests related to the investment. However, CMS could not demonstrate that the CIO reviewed the investment's alignment with major program objectives. In addition, HHS could not demonstrate that the department-level CIO was involved in reviewing changes in IT resources for the investment. Moreover, HHS could not demonstrate that the responsibility for reviewing changes in IT resources had been delegated to the CMS CIO for the fiscal year 2017 budget request.
	CMS non-major	●	The CMS CIO reviewed changes in resources identified within individual activity funding requests related to the investment. However, CMS could not demonstrate that the CIO reviewed the investment's alignment with major program objectives. In addition, HHS could not demonstrate that the department-level CIO was involved in reviewing changes in IT resources for the investment. Moreover, HHS could not demonstrate that the responsibility for reviewing changes in IT resources had been delegated to the CMS CIO for the fiscal year 2017 budget request.
The CIO reviews whether the investment's estimates of IT resources in the portfolio and budget request are appropriate	HHS major	●	The HHS CIO took steps to determine the appropriateness of nearly \$15.8 million of the IT resource estimates for this investment by reviewing a line item budget estimate prepared for a department-level governance board. However, HHS could not demonstrate that the CIO took steps to determine the appropriateness of the IT resources for the remaining portion of the investment's total 2017 budget request of \$33 million as reported to OMB.
	HHS non-major	○	HHS could not demonstrate that the CIO or a designee reviewed the appropriateness of the IT resource estimates underlying the investment's 2017 budget request.
	CMS major	●	The CMS CIO took steps to determine the appropriateness of the investment's IT resources totaling approximately \$500 million by reviewing the detailed budget request at an IT investment review board meeting. However, according to the Federal IT Dashboard, the fiscal year 2017 budget request for this investment totaled \$399 million, and CMS could not demonstrate that the CIO took steps to determine the appropriateness of the revised budget total. In addition, HHS could not demonstrate that the department-level CIO reviewed the appropriateness of the investment's IT resources. Moreover, HHS could not demonstrate that the responsibility for this requirement had been delegated to the CMS CIO for the fiscal year 2017 budget request.

Appendix III: Department of Health and Human Services Detailed Analysis

Selected OMB common baseline requirements	Investment type	Rating	GAO's assessment
	CMS non-major	①	The CMS CIO took steps to determine the appropriateness of the investment's IT budget request by reviewing the IT resource request through the investment review board. However, HHS could not demonstrate that the department-level CIO reviewed the appropriateness of the investment's IT resources. In addition, HHS could not demonstrate that the responsibility for this requirement had been delegated to the CMS CIO for the fiscal year 2017 budget request.

Legend:

- = The department or component demonstrated that it had implemented the OMB common baseline requirement on the investment.
- ① = The department or component demonstrated that it had implemented some but not all of the OMB common baseline requirement on the investment.
- = The department or component could not demonstrate that it had implemented the OMB common baseline requirement on the investment.

Source: GAO analysis of department data. | GAO-19-49

Appendix IV: Department of Justice Detailed Analysis

Table 9: Extent to Which Policies and Procedures Addressed Selected Office of Management and Budget (OMB) Common Baseline Requirements for Implementing the Federal Information Technology Acquisition Reform Act (FITARA)—Department of Justice (DOJ) and Federal Bureau of Investigation (FBI)

Selected OMB common baseline requirements	Department	Rating	GAO's assessment
<i>Chief Information Officer (CIO) visibility into information technology (IT) resources</i>			
Establish the level of detail with which IT resources are to be described in order to inform the CIO during the planning and budgeting processes	DOJ	●	DOJ established department-wide IT capital planning and budgeting procedures that document the level of detail with which IT resources are to be described during the planning and budgeting process. The documented level of detail went beyond OMB's minimum required reporting to include 49 IT resources across four business areas.
	FBI	N/A	This requirement was assigned at the department level.
Establish agency-wide policy for the level of detail with which planned expenditures for all transactions that include IT resources are to be reported to the CIO	DOJ	◐	DOJ documented IT capital planning procedures for the level of detail of planned expenditure reporting. However, the procedures did not explicitly require that all transactions with an IT component are included in the expenditure reporting.
	FBI	N/A	This requirement was assigned at the department level.
<i>CIO input to IT resource plans</i>			
Include the CIO in the planning and budgeting stages for programs that are fully or partially supported with IT resources	DOJ	●	DOJ documented procedures for including the CIO in the planning and budgeting stages for programs with IT resources.
	FBI	N/A	This requirement was assigned at the department level.
Include the CIO as a member of governance boards that inform decisions regarding all IT resources, including component-level governance boards	DOJ	◐	DOJ documented governance board charters that included the CIO as a member of department-level IT governance boards. However, the CIO was not included a member of key component-level IT investment review boards, including those at FBI.
	FBI	N/A	This requirement was assigned at the department level.
Document the processes by which program leadership works with the CIO to plan an overall portfolio of IT resources	DOJ	●	DOJ documented procedures in its IT Governance Guide by which the CIO is to work with program and component leadership in planning the overall portfolio of IT resources.
	FBI	N/A	This requirement was assigned at the department-level.
<i>CIO review and approval of IT budgets</i>			
Ensure the CIO has reviewed and approved the major IT investments portion of the budget request	DOJ	●	DOJ documented procedures in its IT Governance Guide and Department Investment Review Council for the CIO to review and approve major IT investments.
	FBI	N/A	This requirement was assigned at the department level.
Ensure the CIO has reviewed IT resources that are to support major program objectives and significant increases and decreases in IT resources	DOJ	●	DOJ documented procedures in its IT Governance Guide and IT capital planning guidance for the CIO to review IT resources that are to support major program objectives and significant increases and decreases in resources.
	FBI	N/A	This requirement was assigned at the department level.

Appendix IV: Department of Justice Detailed Analysis

Selected OMB common baseline requirements	Department	Rating	GAO's assessment
Ensure the CIO has reviewed whether the IT portfolio includes appropriate estimates of all IT resources included in the budget request	DOJ	○	DOJ did not document procedures for this requirement.
	FBI	N/A	This requirement was assigned at the department level.

Legend:

- = The department provided documentation that demonstrated that the department or delegated component agency satisfied the OMB common baseline requirement.
- ◐ = The department provided documentation that demonstrated that the department or delegated component agency satisfied some but not all of the OMB common baseline requirement.
- = The department could not provide documentation that demonstrated that the department or delegated component agency satisfied any of the OMB common baseline requirement.
- N/A = The component agency was not officially delegated the identified responsibilities for the OMB common baseline requirement.

Source: GAO analysis of department data. | GAO-19-49

Table 10: Extent to Which the Department of Justice (DOJ) and Federal Bureau of Investigation (FBI) Implemented Selected Office of Management and Budget (OMB) Common Baseline Requirements for Implementing the Federal Information Technology Acquisition Reform Act (FITARA) in Developing Fiscal Year 2017 Budgets for Sampled Investments

Selected OMB common baseline requirements	Investment type	Rating	GAO's assessment
<i>Chief Information Officer (CIO) visibility into information technology (IT) resources</i>			
IT resources for each investment are described in order to inform the CIO during the planning and budgeting processes	DOJ major	●	DOJ described IT resources—including equipment, software, services, and government labor—during the planning and budgeting process through related IT capital planning artifacts.
	DOJ non-major	●	DOJ described IT resources—including equipment, software, services, and government labor—during the planning and budgeting process through related IT capital planning artifacts.
	FBI major	●	FBI described IT resources—including equipment, software, services, and government labor—during the planning and budgeting process through multiple activity funding requests related to the investment.
	FBI non-major	●	FBI described IT resources—including equipment, software, services, and government labor—during the planning and budgeting process through multiple activity funding requests related to the investment.
<i>CIO input to IT resource plans</i>			
The CIO is included in the planning and budgeting stages for investments with IT resources	DOJ major	●	DOJ included its CIO in the planning and budgeting stages for the sampled investment through a review of the funding request during an annual IT portfolio review in October 2015.
	DOJ non-major	●	DOJ included its CIO in the planning and budgeting stages for the sampled investment through a review of the funding request during an annual IT portfolio review in October 2015.

Appendix IV: Department of Justice Detailed Analysis

Selected OMB common baseline requirements	Investment type	Rating	GAO's assessment
	FBI major	●	FBI included the DOJ CIO in the planning and budgeting stages for the sampled investment through a review of the funding request during an annual IT portfolio review in October 2015.
	FBI non-major	●	FBI included the DOJ CIO in the planning and budgeting stages for the sampled investment through a review of the funding request during an annual IT portfolio review in October 2015.
Program leadership works with the CIO to plan the investment's IT resources	DOJ major	●	DOJ's CIO collaborated with program leaders in planning IT resources for the investment through development of the annual operating plan for DOJ's working capital fund and through meetings with component business leadership and meetings with component CIOs.
	DOJ non-major	●	DOJ's CIO collaborated with program leaders in planning IT resources for the investment through development of the annual operating plan for DOJ's working capital fund.
	FBI major	◐	While FBI program leadership collaborated with IT representatives from the Criminal Justice and Information Services Division in planning IT resources, FBI could not demonstrate that the CIO was involved in the planning or that the responsibility had been delegated to the division.
	FBI non-major	○	FBI could not demonstrate that the CIO worked with program leadership to plan the sampled investment's IT resources.
<i>CIO review and approval of IT budgets</i>			
The CIO reviews whether the investment's IT resources support major program objectives and have increased or decreased significantly	DOJ major	●	DOJ's CIO reviewed IT resources that are to support major program objectives and changes in IT resources through development of the annual operating plan for DOJ's working capital fund and in an annual IT portfolio review in October 2015.
	DOJ non-major	●	DOJ's CIO reviewed IT resources that are to support major program objectives and changes in IT resources through development of the annual operating plan for DOJ's working capital fund and in an annual IT portfolio review in October 2015.
	FBI major	●	FBI obtained a review from the DOJ CIO regarding IT resources that are to support major program objectives and significant changes in IT resources through an annual IT portfolio review in October 2015.
	FBI non-major	●	FBI obtained a review from the DOJ CIO regarding IT resources that are to support major program objectives and significant changes in IT resources through an annual IT portfolio review in October 2015.
The CIO reviews whether the investment's estimates of IT resources in the portfolio and budget request are appropriate	DOJ major	●	DOJ's CIO took steps to ensure the investment included appropriate estimates of IT resources in its budget request by reviewing spreadsheets with additional and more detailed cost information during an annual IT portfolio review in October 2015.
	DOJ non-major	●	DOJ's CIO took steps to ensure the investment included appropriate estimates of IT resources in its budget request by reviewing spreadsheets with additional and more detailed cost information during an annual IT portfolio review in October 2015.
	FBI major	◐	While IT representatives within the Criminal Justice and Information Services Division were involved in validating underlying IT resource estimates, FBI could not demonstrate that the CIO was involved in the planning or that the responsibility had been delegated to the division.

Appendix IV: Department of Justice Detailed Analysis

Selected OMB common baseline requirements	Investment type	Rating	GAO's assessment
	FBI non-major	○	FBI could not demonstrate that the CIO or designee reviewed the appropriateness of IT resource estimates underlying the investment's budget request.

Legend:

- = The department or component demonstrated that it had implemented the OMB common baseline requirement on the investment.
- ◐ = The department or component demonstrated that it had implemented some but not all of the OMB common baseline requirement on the investment.
- = The department or component could not demonstrate that it had implemented the OMB common baseline requirement on the investment.

Source: GAO analysis of department data. | GAO-19-49

Appendix V: Department of the Treasury Detailed Analysis

Table 11: Extent to Which Policies and Procedures Addressed Selected Office of Management and Budget (OMB) Common Baseline Requirements for Implementing the Federal Information Technology Acquisition Reform Act (FITARA)—Department of the Treasury (Treasury) and Internal Revenue Service (IRS)

Selected OMB common baseline requirements	Department	Rating	GAO's assessment
<i>Chief Information Officer (CIO) visibility into information technology (IT) resources</i>			
Establish the level of detail with which IT resources are to be described in order to inform the CIO during the planning and budgeting processes	Treasury	●	Treasury established department-wide IT capital planning and budgeting procedures that document the level of detail with which IT resources are described during the planning and budgeting process. The documented level of detail included OMB's minimum required reporting on government labor and certain resources for infrastructure investments.
	IRS	N/A	This requirement was assigned at the department level.
Establish agency-wide policy for the level of detail with which planned expenditures for all transactions that include IT resources are to be reported to the CIO	Treasury	⓪	Treasury documented IT capital planning procedures for reporting investments' planned IT expenditures. However, the procedures did not explicitly require that all transactions with an IT component are included in the expenditure reporting.
	IRS	N/A	This requirement was assigned at the department level.
<i>CIO input to IT resource plans</i>			
Include the CIO in the planning and budgeting stages for programs that are fully or partially supported with IT resources	Treasury	⓪	While the department documented procedures for including the CIO in the planning and budgeting stages for department-level programs that are identified as having IT resources, it did not document procedures for ensuring the CIO is included in all department-level programs that may have IT resources, including those that are not primarily IT-oriented. In addition, Treasury's CIO delegated this requirement to component CIOs for component-level investments. However, the agency had not established procedures for verifying that components were carrying out this delegated responsibility.
	IRS	●	IRS documented annual IT budgeting procedures for including the IRS CIO in the component's planning and budgeting stages for all programs that have IT resources.
Include the CIO as a member of governance boards that inform decisions regarding all IT resources, including component-level governance boards	Treasury	⓪	Treasury developed department-level IT governance board charters that included the CIO as a member. In addition, the Treasury CIO delegated the responsibility for this requirement to component CIOs for component-level IT governance boards. However, the department had not established procedures for verifying that components were carrying out this delegated responsibility.
	IRS	●	IRS included its CIO as a member of its IT investment review board through its documented IT budgeting procedures.
Document the processes by which program leadership works with the CIO to plan an overall portfolio of IT resources	Treasury	●	Treasury has documented procedures in its IT capital planning guidance by which the CIO works with program and component leadership in planning IT resources.
	IRS	N/A	This requirement was assigned at the department level.

**Appendix V: Department of the Treasury
Detailed Analysis**

Selected OMB common baseline requirements	Department	Rating	GAO's assessment
<i>CIO review and approval of IT budgets</i>			
Ensure the CIO has reviewed and approved the major IT investments portion of the budget request	Treasury	⓪	While Treasury documented procedures in its IT capital planning guidance for the CIO to review major IT investments with each component, the department had not documented procedures for how the CIO was to approve those investments. In addition, the Treasury CIO delegated to component CIOs the responsibility to develop proposed IT planning and budgeting artifacts while the Treasury CIO would retain the authority to approve them. However, the department had not established procedures for verifying that components were carrying out this delegated responsibility.
	IRS	●	IRS documented annual IT budgeting procedures that described how the component CIO was to review and approve major IT investments.
Ensure the CIO has reviewed IT resources that are to support major program objectives and significant increases and decreases in IT resources	Treasury	●	Treasury established procedures through its Quarterly Performance Reviews and its IT capital planning guidance to review IT resources that are to support major program objectives and significant changes in IT resources. For example, during the annual Spring portfolio review with each component, the CIO was to discuss strategic IT changes for the component and any significant resource changes that have occurred on individual investments.
	IRS	N/A	This requirement was assigned at the department level.
Ensure the CIO has reviewed whether the IT portfolio includes appropriate estimates of all IT resources included in the budget request	Treasury	○	Treasury had not documented procedures for ensuring the appropriateness of IT resource estimates for department-level investments. In addition, Treasury delegated the responsibility for this requirement to component CIOs for component-level investments. However, the department had not established procedures for verifying that components were carrying out this delegated responsibility.
	IRS	●	IRS documented annual IT budgeting procedures for ensuring the appropriateness of IT resources within the component-level IT portfolio. The procedures included validating annual IT demand requests that form the basis of the budget request.

Legend:

- = The department provided documentation that demonstrated that the department or delegated component agency satisfied the OMB common baseline requirement.
- ⓪ = The department provided documentation that demonstrated that the department or delegated component agency satisfied some but not all of the OMB common baseline requirement.
- = The department could not provide documentation that demonstrated that the department or delegated component agency satisfied any of the OMB common baseline requirement.
- N/A = The component agency was not officially delegated the identified responsibilities for the OMB common baseline requirement.

Source: GAO analysis of department data. | GAO-19-49

Table 12: Extent to Which the Department of the Treasury (Treasury) and Internal Revenue Service (IRS) Implemented Selected Office of Management and Budget (OMB) Common Baseline Requirements for Implementing the Federal Information Technology Acquisition Reform Act (FITARA) in Developing Fiscal Year 2017 Budgets for Sampled Investments

Selected OMB common baseline requirement	Investment type	Rating	GAO's assessment
<i>Chief Information Officer (CIO) visibility into information technology (IT) resources</i>			
IT resources for each investment are described in order to inform the CIO during the planning and budgeting processes	Treasury major	●	Treasury distinctly identified IT resources within the investment's expenditure plan.
	Treasury non-major	●	Treasury distinctly identified IT resources within the investment's expenditure plan.
	IRS major	●	IRS identified specific IT resources in artifacts submitted with the investment's budget request.
	IRS non-major	●	IRS identified specific IT resources in artifacts submitted with the investment's budget request.
<i>CIO input to IT resource plans</i>			
The CIO is included in the planning and budgeting stages for investments with IT resources	Treasury major	○	Treasury could not demonstrate that the CIO was involved in the planning and budgeting stages for the sampled investment's IT resources.
	Treasury non-major	○	Treasury could not demonstrate that the CIO was involved in the planning and budgeting stages for the sampled investment's IT resources.
	IRS major	◐	IRS demonstrated that managers from the Office of the CIO were involved in developing a portion of the sampled investment's budget of \$286 million through IT budget reviews conducted by an integrated review team in July 2015. However, the component agency could not demonstrate that Office of the CIO officials were included in the development of the budget for the full investment totaling \$468 million.
	IRS non-major	◐	IRS demonstrated that managers from the Office of the CIO were involved in developing a portion of the sampled investment's budget of \$40 million through IT budget reviews conducted by an integrated review team in July 2015. However, the component agency could not demonstrate that Office of the CIO officials were included in the development of the budget for the full investment totaling \$343 million.
Program leadership works with the CIO to plan the investment's IT resources	Treasury major	○	Treasury could not demonstrate that the CIO worked with program leadership to plan the sampled investment's IT resources.
	Treasury non-major	○	Treasury could not demonstrate that the CIO worked with program leadership to plan the sampled investment's IT resources.

**Appendix V: Department of the Treasury
Detailed Analysis**

Selected OMB common baseline requirement	Investment type	Rating	GAO's assessment
	IRS major	●	IRS demonstrated that managers from the Office of the CIO worked with program leadership from IRS business units in developing a portion of the sampled investment's budget of \$286 million through IT budget reviews conducted by an integrated review team in July 2015. However, the component agency could not demonstrate that Office of the CIO officials worked with program leadership to develop the budget for the full investment totaling \$468 million.
	IRS non-major	●	IRS demonstrated that managers from the Office of the CIO worked with program leadership from IRS business units in developing a portion of the sampled investment's budget of \$40 million through IT budget reviews conducted by an integrated review team in July 2015. However, the component agency could not demonstrate that Office of the CIO officials worked with program leadership to develop the budget for the full investment totaling \$343 million.
<i>CIO review and approval of IT budgets</i>			
The CIO reviews whether the investment's IT resources support major program objectives and have increased or decreased significantly	Treasury major	○	Treasury could not demonstrate that the CIO reviewed the investment's alignment with major program objectives or changes in resources.
	Treasury non-major	○	Treasury could not demonstrate that the CIO reviewed the investment's alignment with major program objectives or changes in resources.
	IRS major	●	IRS demonstrated that managers from the Office of the CIO reviewed alignment with major program objectives and changes in underlying resources for a portion of the sampled investment's budget of \$286 million through IT budget reviews conducted by an integrated review team in July 2015. However, the component agency could not demonstrate that Office of the CIO officials reviewed alignment with major program objectives and changes in resources for the full investment totaling \$468 million.
	IRS non-major	●	IRS demonstrated that managers from the Office of the CIO reviewed alignment with major program objectives and changes in underlying resources for a portion of the sampled investment's budget of \$40 million through IT budget reviews conducted by an integrated review team in July 2015. However, the component agency could not demonstrate that Office of the CIO officials reviewed alignment with major program objectives and changes in resources for the full investment totaling \$343 million.
The CIO reviews whether the investment's estimates of IT resources in the portfolio and budget request are appropriate	Treasury major	○	Treasury could not demonstrate that the CIO or designee reviewed the appropriateness of IT resource estimates underlying the investment's budget request.
	Treasury non-major	○	Treasury could not demonstrate that the CIO or designee reviewed the appropriateness of IT resource estimates underlying the investment's budget request.

**Appendix V: Department of the Treasury
Detailed Analysis**

Selected OMB common baseline requirement	Investment type	Rating	GAO's assessment
	IRS major	●	IRS demonstrated that managers from the Office of the CIO reviewed detailed cost estimates for a portion of the sampled investment's budget of \$286 million through IT budget reviews conducted by an integrated review team in July 2015. However, the component agency could not demonstrate that Office of the CIO officials reviewed detailed cost estimates for the full investment totaling \$468 million.
	IRS non-major	●	IRS demonstrated that managers from the Office of the CIO reviewed detailed cost estimates for a portion of the sampled investment's budget of \$40 million through IT budget reviews conducted by an integrated review team in July 2015. However, the component agency could not demonstrate that Office of the CIO officials reviewed detailed cost estimates for the full investment totaling \$343 million.

Legend:

- = The department or component demonstrated that it had implemented the OMB common baseline requirement on the investment.
- = The department or component demonstrated that it had implemented some but not all of the OMB common baseline requirement on the investment.
- = The department or component could not demonstrate that it had implemented the OMB common baseline requirement on the investment.

Source: GAO analysis of department data. | GAO-19-49

Appendix VI: Comments from the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF THE SECRETARY

Assistant Secretary for Legislation
Washington, DC 20201

OCT 09 2018

Carol C. Harris
Director, Information Technology Acquisition Management
U.S. Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Ms. Harris:

Attached are comments on the U.S. Government Accountability Office's (GAO) report entitled, "*Information Technology: Departments Need to Improve Chief Information Officers' Review and Approval of IT Budgets*" (GAO-19-49).

The Department appreciates the opportunity to review this report prior to publication.

Sincerely,

A handwritten signature in cursive script that reads "Matthew D. Bassett".

Matthew D. Bassett
Assistant Secretary for Legislation

Attachment

GENERAL COMMENTS FROM THE DEPARTMENT OF HEALTH & HUMAN SERVICES ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED - INFORMATION TECHNOLOGY: DEPARTMENTS NEED TO IMPROVE CHIEF INFORMATION OFFICERS' REVIEW AND APPROVAL OF IT BUDGETS (GAO-19-49)

The U.S. Department of Health & Human Services (HHS) appreciates the opportunity from the Government Accountability Office (GAO) to review and comment on this draft report.

Recommendation 16

The Secretary of Health and Human Services should ensure that the Office of the Chief Information Officer (CIO) and other offices, as appropriate, address gaps in the department's Federal Information Technology Acquisition Reform Act (FITARA) plans by developing and implementing policies and procedures that establish department-wide policy for the level of detail of planned expenditure reporting to the CIO for all transactions that include information technology (IT) resources.

HHS Response

HHS concurs with GAO's recommendation. All IT expenditures are to go through the HHS IT Capital Planning and Investment Control (CPIC) process in accordance with HHS CPIC policy, and should be documented in the HHS Portfolio Management Tool (PMT). All planned and current IT investments are required to go through this process.

Recommendation 17

The Secretary of Health and Human Services should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that include the CIO in the planning and budgeting stages for all programs that are fully or partially supported with IT resources.

HHS Response

HHS concurs with GAO's recommendation. The HHS CIO reviews and provides input into approving IT Investments as evident via delegation and in the HHS annual IT Budget review process. Furthermore, both the HHS Chief Financial Officer (CFO) and HHS CIO play a role in reviewing planned IT support for major programs and significant increases and decreases in IT resources as reflected in the IT budget.

Recommendation 18

The Secretary of Health and Human Services should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that include the CIO as a member of governance boards that inform decisions regarding all IT resources, including component-level boards.

HHS Response

HHS concurs with GAO's recommendation. The HHS CIO belongs to the following governance boards that inform decisions regarding all IT resources:

Chief Information Officer Council, Administrative and Management Domain Steering Committee, Financial Management Governance Board, Federal CIO Council. See the attached charters. More information can be found at: <https://www.hhs.gov/web/governance/digital-strategy/hhs-fitara-implementation-revised-hhs-it-governance-framework.html>

GENERAL COMMENTS FROM THE DEPARTMENT OF HEALTH & HUMAN SERVICES ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED - INFORMATION TECHNOLOGY: DEPARTMENT'S NEED TO IMPROVE CHIEF INFORMATION OFFICERS' REVIEW AND APPROVAL OF IT BUDGETS (GAO-19-49)

Recommendation 19

The Secretary of Health and Human Services should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the processes by which program leadership works with the CIO to plan an overall portfolio of IT resources.

HHS Response

HHS concurs with GAO's recommendation. Through the FITARA Delegation of Authority, annual IT budget reviews, CIO Work Plan and through the monthly HHS CIO Council meeting, as well as through the Enterprise Performance Life Cycle Framework (EPLC) process, the CIO implements policies and procedures which document processes by which program leadership works with the CIO to plan an overall portfolio of IT resources.

Recommendation 20

The Secretary of Health and Human Services should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the process for the CIO's review and approval of the major IT investments portion of the budget request.

HHS Response

HHS concurs with GAO's recommendation. The HHS CIO reviews and provides input into approving IT Investments as evident in the HHS annual IT Budget review process. Furthermore, the HHS CIO collaborated with all bureau CIOs and the CFO on the IT Budget submissions, and that IT includes appropriate estimates of all HHS Major IT Investments included in the budget request/President's Budget.

HHS's implementation of FITARA Element D ("D1. CIO reviews and approves Major IT Investment portion of budget request") is Fully Implemented – HHS has developed and implemented its plan to ensure that all common baseline FITARA responsibilities are in place.

Recommendation 21

The Secretary of Health and Human Services should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the CIO's role in reviewing IT resources that are to support major program objectives and significant increases and decreases in IT resources.

HHS Response

HHS concurs with GAO's recommendation. Through the FITARA Delegation of Authority, annual IT budget reviews, CIO Work Plan and through the monthly HHS CIO Council meeting, as well as through the EPLC process, the CIO implements policies and procedures which document processes by which program leadership works with the CIO to plan an overall portfolio of IT resources.

Recommendation 22

GENERAL COMMENTS FROM THE DEPARTMENT OF HEALTH & HUMAN SERVICES ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED - INFORMATION TECHNOLOGY: DEPARTMENTS NEED TO IMPROVE CHIEF INFORMATION OFFICERS' REVIEW AND APPROVAL OF IT BUDGETS (GAO-19-49)

The Secretary of Health and Human Services should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the steps the CIO is to take to ensure whether the IT portfolio includes appropriate estimates of all IT resources included in the budget request.

HHS Response

HHS concurs with GAO's recommendation. The HHS CIO reviews and provides input into approving IT Investments as evident in the HHS annual IT Budget review process. Furthermore, the HHS CIO collaborated with all bureau CIOs and the CFO on the IT Budget submissions, and that IT includes appropriate estimates of all IT resources included in the budget request/President's Budget.

Recommendation 23

The Secretary of Health and Human Services should direct the department CIO to establish, for any OMB common baseline requirements that are related to IT budgeting that have been delegated, a plan that specifies the requirement being delegated, demonstrates how the CIO intends to retain accountability for the requirement, and ensures through quality assurance processes that the delegated official will execute such responsibilities with the appropriate level of rigor.

HHS Response

HHS concurs with GAO's recommendation. EPLC Subject Matter Experts in the form of Critical Partners (CPs) reviews projects artifacts throughout the project life cycle. The CPs provide recommendations to the project team. These recommendations are then forwarded to Senior Managers to assist in determining the health of an IT project.

Recommendation 24

The Secretary of Health and Human Services should direct the Office of the CIO and other offices, as appropriate, to take steps to ensure that the actions taken to comply with OMB's common baseline for implementing FITARA on individual investments are adequately documented.

HHS Response

HHS concurs with GAO's recommendation. The HHS CIO reviews and provides input into approving all IT Investments as evident in the HHS annual IT Budget review process. Furthermore, the HHS CIO collaborated with all bureau CIOs and the Chief Financial Officer (CFO) on the IT Budget submissions, and that IT includes appropriate estimates of all IT resources included in the budget request/President's Budget.

Recommendation 25

The Secretary of Health and Human Services should ensure that the Office of the CIO and other offices, as appropriate, establish quality assurance processes—such as data quality checks, reviews of estimation methods, linkages between the IT portfolio and procurement system data, and linkages between the IT portfolio and financial system data—for ensuring the annual IT

GENERAL COMMENTS FROM THE DEPARTMENT OF HEALTH & HUMAN SERVICES ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED - INFORMATION TECHNOLOGY: DEPARTMENTS NEED TO IMPROVE CHIEF INFORMATION OFFICERS' REVIEW AND APPROVAL OF IT BUDGETS (GAO-19-49)

budget is informed by complete and reliable information on anticipated government labor, contract, and other relevant IT expenditures. (Recommendation 25)

HHS Response

HHS concurs with GAO's recommendation. HHS has implemented the IT acquisition review process per FITARA and the common baseline, ensuring quality assurance and data quality checks within the IT procurement process. Additionally, HHS is implementing Technology Business Management (TBM) to ensure the IT portfolio and financial system data links provide complete and reliable information on anticipated government labor, contract and other relevant information related to IT expenditures.

Recommendation 26

The Administrator of CMS should ensure that the Office of the CIO and other offices, as appropriate, develop and implement policies and procedures that include the CIO in the planning and budgeting stages for all programs that are fully or partially supported with IT resources.

CMS Response

CMS concurs with GAO's recommendation. The CMS CIO is already involved in all IT budgeting decisions, major and non-major alike. As GAO reported, CMS's IT investment review board policies and procedures already require the CIO to review and approve major, high-risk, and mission critical IT investments. CMS will update its IT investment review board policies and procedures to more explicitly clarify the CIO's involvements in non-major IT investments.

Recommendation 27

The Administrator of CMS should ensure that the Office of the CIO and other offices, as appropriate, develop and implement policies and procedures that document the processes by which program leadership works with the CIO to plan an overall portfolio of IT resources.

CMS Response

CMS concurs with GAO's recommendation. As GAO reported, CMS documented the procedures by which program leadership was to work with the CMS CIO to plan IT resources for selected major and non-major investments through its IT investment review board. CMS will further clarify the process of reviewing non-major IT investments and how responsibilities are delegated and/or coordinated between the IT investment review board and other boards or workgroups that make recommendations up to the IT investment review board. In addition, CMS is considering implementing other processes for program budget briefings, by which program leadership works with the CIO to plan an overall portfolio of IT resources.

Recommendation 28

The Administrator of CMS should ensure that the Office of the CIO and other offices, as appropriate, develop and implement policies and procedures that document the CIO's role in reviewing IT resources that are to support major program objectives and significant increases and decreases in IT resources.

CMS Response

GENERAL COMMENTS FROM THE DEPARTMENT OF HEALTH & HUMAN SERVICES ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED - INFORMATION TECHNOLOGY: DEPARTMENTS NEED TO IMPROVE CHIEF INFORMATION OFFICERS' REVIEW AND APPROVAL OF IT BUDGETS (GAO-19-49)

CMS concurs with GAO's recommendation. CMS will document the CIO's role in reviewing IT resources that support major program objectives and significant increases and decreases in IT resources. The CIO already reviews IT resources that support major program objectives and significant increases and decreases in IT resources when these occur. Of note, no increases or decreases in resources occurred for the CMS investments in the year GAO reviewed. The amount reported through the Federal IT Dashboard included all funds requested for the FY17 budget process. Additional resources reviewed by the CIO, but not reported on the IT Dashboard, represent user fees. CMS will ensure these funds are captured in the Federal IT Dashboard moving forward.

Recommendation 29

The Administrator of CMS should direct the Office of the CIO and other offices, as appropriate, to take steps to ensure that the actions taken to comply with OMB's common baseline for implementing FITARA on individual investments are adequately documented.

CMS Response

CMS concurs with GAO's recommendation. As GAO reported, CMS addressed many aspects of OMB's common baseline for implementing FITARA on individual investments reviewed. For example, the CMS CIO was included in the planning and budgeting stages for the sample investments by reviewing the investments' budgets. In addition, the CMS CIO worked with program leadership to plan the IT investment's resources by chairing the CMS IT investment review board and approved the investment's funding proposal.

With respect to the CMS CIO's visibility into IT resources, as GAO reported, CMS described the investments' IT resources during the planning and budgeting process by utilizing 36 categories of IT for the investments. In addition, CMS distinctly reported government labor resources for investments and will explore next steps in ensuring CIO visibility into this information.

With respect to CIO review of whether investments' IT resources support major program objectives, CMS already includes a purpose statement with each investment, but will further describe how investments align with major program objectives.

With respect to CIO review of whether investments' IT resources increased or decreased significantly, no increases or decreases in resources occurred for the CMS major investments approved in FY17. CMS provided GAO evidence to demonstrate CIO and IT investment review board approval of a major investment that had a portion of funds paid through user fees. CMS did not report the user fee portion in the final HHS submission and Federal IT Dashboard because this portion was not funded by annual appropriations. Going forward, CMS will include all user fees approved by the CIO and IT investment review board in reporting to HHS and the Federal IT Dashboard, even if those amounts are not subject to HHS approval and allocation.

Appendix VII: Comments from the Internal Revenue Service



DEPUTY COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

September 27, 2018

Ms. Carol C. Harris
Director, Information Technology Acquisition
Management Issues
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Ms. Harris:

Thank you for the opportunity to comment on the draft report titled Information Technology: Departments Need to Improve Chief Information Officers' Review and Approval of IT Budgets (GAO-19-49). This audit reviewed whether Chief Information Officers' (CIO) Information Technology (IT) budgeting practices are consistent with Federal Information Technology Acquisition Reform Act (FITARA) and Office of Management and Budget's (OMB) implementing guidance at four departments and four component agencies. The Department of Treasury and Internal Revenue Service (IRS) were included in this review. The Government Accountability Office (GAO) provided 43 total recommendations and only one required IRS to take action.

We appreciate GAO's acknowledgement that the IRS demonstrated full implementation for a majority of the applicable selected OMB common baseline requirements for FITARA, including all related to establishing policies and procedures. IRS leadership fully appreciates the intent of FITARA and we have dedicated resources to ensure we budget and plan with full CIO involvement, which is reflected in the overwhelmingly positive results of this audit. The IRS is committed to making further progress towards fully implementing all OMB baseline requirements when planning and budgeting for its individual IT investments.

The IRS agrees with GAO Recommendation 43: The IRS Commissioner should direct the Office of the CIO and other offices, as appropriate, to take steps to ensure that the actions taken to comply with OMB's common baseline for implementing FITARA on individual investments are adequately documented. The IRS IT organization has taken

2

immediate steps to begin addressing the recommendation and will provide a detailed corrective action plan in our 60-day response to Congress.

If you have any questions, please contact me, or a member of your staff may contact Gina Garza, Chief Information Officer, at 202-317-5000.

Sincerely,



Jeffrey J. Tribiano
Deputy Commissioner for
Operations Support

Appendix VIII: Comments from the Department of Energy



Department of Energy
Washington, DC 20585

September 24, 2018

Mr. David A. Powner
Director, Information Technology and Management Issues
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Powner:

Attached is the Department of Energy's (DOE or Department) management response to the Government Accountability Office's (GAO) draft report GAO-19-49, *Information Technology: Departments Need to Improve Chief Information Officers' Review and Approval of IT Budgets (Job Code 101318)*. We understand that GAO conducted this audit to evaluate the Department's efforts to comprehensively and accurately capture Information Technology (IT) costs throughout the budget formulation process.

DOE concurs with 14 of the 15 recommendations and partially concurs with one. The GAO made nine recommendations for DOE's Office of the Chief Information Officer (OCIO) and six recommendations for National Nuclear Security Administration's (NNSA) OCIO. DOE's OCIO and NNSA's OCIO will work collaboratively with the Program's IT executives to engage in a process to address the recommendations. Details concerning the Department's responses are provided in the Enclosure.

You may direct your questions to Ms. Denise Hill, Deputy CIO (Acting), Office of Enterprise Policy, Portfolio Management, and Governance at 202-586-5848 or via e-mail to denise.hill@hq.doe.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "SM Everett", is written over a horizontal line.

Stephen (Max) Everett
Chief Information Officer



Enclosure

MANAGEMENT RESPONSE
GAO Draft Report, GAO-19-49
INFORMATION TECHNOLOGY:

*Departments Need to Improve Chief Information Officers' Review and Approval of IT Budgets
(Job Code 101318)*

Recommendation 1: The Secretary of Energy should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's Federal Information Technology Acquisition Reform Act (FITARA) plans by developing and implementing policies and procedures that establish department-wide policy for the level of detail of planned expenditure reporting to the CIO for all transactions that include IT resources.

Management Response: Concur

DOE Order *Information Technology Management* (DOE O 200.1A) is the policy that establishes the requirements for planned expenditure reporting as well as addressing CIO comments. Through Capital Planning and FITARA processes, the Office of the CIO issues guidance that is in alignment with DOE O 200.1A, annual OMB IT Budget Capital Planning and OMB Circular A-11 (2018) guidance.

Estimated Completion Date: Complete

Recommendation 2: The Secretary of Energy should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that include the CIO in the planning and budgeting stages for all programs that are fully or partially supported with IT resources.

Management Response: Concur

DOE O 200.1A is the policy that establishes the requirements for the inclusion of the CIO in the planning and budgeting stages for all programs that are fully or partially supported with IT resources. DOE's Budget Year (BY) 2020 Agency IT Investment Portfolio Summary (AITPS) Reporting Instructions and Major Information Technology Business Case (MITBC) and Standard IT Investment Reporting Instructions now include procedural details explaining OCIO's review of IT Budgets and engagement with the OCFO during the budget formulation process (see page 2 in both documents). As part of the DOE BY 2020 budget planning, the DOE Office of the Chief Financial Officer (OCFO) and OCIO developed annual budget guidance which included OCIO review and concurrence on Program Office IT Budget Crosscut submissions.

Estimated Completion Date: Complete

Recommendation 3: The Secretary of Energy should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that include the CIO as a member of governance boards that inform decisions regarding all IT resources, including component level boards.

Management Response: Concur

DOE is refining and documenting its IT investment review board processes and plans to expand the CIO's participation on component level boards.

Estimated Completion Date: September 1, 2019

Recommendation 4: The Secretary of Energy should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the processes by which program leadership works with the CIO to plan an overall portfolio of IT resources.

Management Response: Concur

DOE O 200.1A is the policy that establishes the requirements by which program leadership works with the CIO to plan an overall portfolio of IT resources for all programs. As part of the DOE BY2020 budget planning, the DOE OCFO and OCIO developed annual budget guidance which included OCIO review and concurrence on the Program Office IT Budget Crosscut submissions. OCIO will work with OCFO to document the procedures.

Estimated Completion Date: October 1, 2019

Recommendation 5: The Secretary of Energy should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the process for the CIO's review and approval of the major IT investments portion of the budget request.

Management Response: Partially Concur

Through DOE IT Capital Planning and FITARA processes, the Department has fully implemented its baseline FITARA responsibilities for Element D ("CIO reviews and approves major IT investment portion of budget request"). The CIO reviews the IT Budget Crosscut, a new requirement in OMB Circular A-11 (2018), Section 51.3, and the IT Portfolio, including major IT investments. The CIO and CFO sign the IT Resource Statement, as required by OMB guidance.

Estimated Completion Date: Complete

Recommendation 6: The Secretary of Energy should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the CIO's role in reviewing IT resources that are to support major program objectives and significant increases and decreases in IT resources.

Management Response: Concur

Through DOE IT Capital Planning and FITARA processes, the Department has fully implemented its baseline FITARA responsibilities for Element D ("CIO reviews and approves major IT investment portion of budget request"). The CIO reviews the IT Budget Crosscut, a new requirement in OMB Circular A-11 (2018), Section 51.3, and the DOE IT Portfolio which includes reviewing IT resources that are to support major program objectives and significant increases and decreases in IT resources.

Estimated Completion Date: Complete

Recommendation 7: The Secretary of Energy should ensure that the Office of the CIO and other offices, as appropriate, address gaps in the department's FITARA plans by developing and implementing policies and procedures that document the steps the CIO is to take to ensure whether the IT portfolio includes appropriate estimates of all IT resources included in the budget request.

Management Response: Concur

The DOE OCIO has been working closely with the DOE OCFO to ensure the IT Portfolio contains appropriate estimates of all IT resources in the Department's annual budget request. The OCFO considers the DOE IT Portfolio to be the IT budget of record. OCFO's FY 2020 IT Budget Crosscut Guidance states that estimates reported in the IT Investment Portfolio should align with estimates reported in the budget request. The IT Budget Crosscut, which is part of the Department's annual budget request, includes all appropriate estimates of all IT resources included in the budget request.

Estimated Completion Date: Complete

Recommendation 8: The Secretary of Energy should direct the Office of the CIO and other offices, as appropriate, to take steps to ensure that the actions taken to comply with OMB's common baseline for implementing FITARA on individual investments are adequately documented.

Management Response: Concur

Through the DOE IT Capital Planning and FITARA processes, the OCIO and OCFO issue guidance, in alignment with DOE O 200.1A to ensure that the actions taken to comply with

OMB's common baseline for implementing FITARA on individual investments are adequately documented.

Estimated Completion Date: Complete

Recommendation 9: The Secretary of Energy should ensure that the Office of the CIO and other offices, as appropriate, establish quality assurance processes—such as data quality checks, reviews of estimation methods, linkages between the IT portfolio and procurement system data, and linkages between the IT portfolio and financial system data—for ensuring the annual IT budget is informed by complete and reliable information on anticipated government labor, contract, and other relevant IT expenditures.

Management Response: Concur

DOE follows OMB's IT Budget – Capital Planning Guidance which requires the implementation of the Technology Business Management (TBM) Framework reporting for IT costs and IT Towers for enhanced transparency into IT expenditures. The OCIO is working with the OCFO to establish linkages to the financial system.

Estimated Completion Date: December 1, 2021

Recommendation 10: The Administrator of NNSA should ensure that the Office of the CIO and other offices, as appropriate, develop and implement policies and procedures that establish agency-wide policy for the level of detail with which planned expenditures for all transactions that include IT resources are to be reported to the CIO.

Management Response: Concur

The NNSA OCIO is developing policies and procedures based on this audit, and the recommendations provided by the GAO. These documents will define details for how planned expenditures that include IT resources will be reported to the NNSA CIO. The NNSA OCIO is working with NNSA's Office of Acquisition and Project Management (NA-AMP) and Office of Management and Budget (NA-MB) to ensure documents incorporate the activities that NNSA will take to review and approve IT budgets, where appropriate. The NNSA OCIO anticipates these documents will be signed by March 31, 2019.

Estimated Completion Date: March 31, 2019

Recommendation 11: The Administrator of NNSA should ensure that the Office of the CIO and other offices, as appropriate, develop and implement policies and procedures that include the CIO in the planning and budgeting stages for all programs that are fully or partially supported with IT resources.

Management Response: Concur

The NNSA OCIO is developing policies and procedures based on this audit, and the recommendations provided by the GAO. These documents will incorporate details that include the NNSA CIO in the planning and budgeting stages for programs that are fully or partially supported with IT resources. The NNSA OCIO is working with NA-AMP and NA-MB to ensure documents incorporate the CIO in the budget stages, as needed. The NNSA OCIO anticipates these documents will be signed by March 31, 2019.

Estimated Completion Date: March 31, 2019

Recommendation 12: The Administrator of NNSA should ensure that the Office of the CIO and other offices, as appropriate, develop and implement policies and procedures that include the CIO as a member of governance boards that inform decisions regarding all IT resources.

Management Response: Concur

The NNSA OCIO is developing policies and procedures based on this audit, and the recommendations provided by the GAO. These documents will incorporate details that include the NNSA CIO as a member of governance boards that inform decisions regarding IT resources. The NNSA OCIO anticipates these documents will be signed by March 31, 2019.

Estimated Completion Date: March 31, 2019

Recommendation 13: The Administrator of NNSA should ensure that the Office of the CIO and other offices, as appropriate, develop and implement policies and procedures that document the process for the CIO's review and approval of the major IT investments portion of the budget request.

Management Response: Concur

The NNSA OCIO is developing policies and procedures based on this audit, and the recommendations provided by the GAO. The documents will detail the process for the NNSA CIO to review and approve the major IT investments portion of the budget request. The NNSA OCIO anticipates these document will be signed by March 31, 2019.

Estimated Completion Date: March 31, 2019

Recommendation 14: The Administrator of NNSA should ensure that the Office of the CIO and other offices, as appropriate, develop and implement policies and procedures that document the CIO's role in reviewing IT resources that are to support major program objectives and significant increases and decreases in IT resources.

Management Response: Concur

The NNSA OCIO is developing policies and procedures based on this audit, and the recommendations provided by the GAO. These documents will define the CIO's role in reviewing IT resources that support major program objectives and significant increases and

decreases in IT resources. The NNSA OCIO anticipates these document will be signed by March 31, 2019.

Estimated Completion Date: March 31, 2019

Recommendation 15: The Administrator of NNSA should direct the Office of the CIO and other offices, as appropriate, to take steps to ensure that the actions taken to comply with OMB's common baseline for implementing FITARA on individual investments are adequately documented.

Management Response: Concur

The Administrator has directed the CIO to take actions that ensures NNSA complies federal laws, which includes OMB's common baseline on individual investments, and that they are adequately documented. The NNSA OCIO has been directed to develop a policy that enforces the CIO authorities as granted by federal law. The policy will incorporate, and adequately document the activities NNSA will take to implement OMB's common baseline. Additionally, the NNSA OCIO is developing a FITARA implementation Framework that will incorporate the activities NNSA will complete to implement FITARA. The NNSA OCIO is the final stages for completing the drafts, and anticipates the policy and plan to be signed by March 31, 2019.

Estimated Completion Date: March 31, 2019

Appendix IX: GAO Contact and Staff Acknowledgments

GAO Contact

Carol C. Harris, (202) 512-4456 or harriscc@gao.gov

Staff Acknowledgments

In addition to the contact named above, Dave Powner (Director), Nicole Jarvis (Assistant Director), Joshua Leiling (Analyst-in-Charge), Chris Businsky, Kara Epperson, Rebecca Eyler, Suellen Foth, Torrey Hardee, Tarunkant Mithani, Monica Perez-Nelson, and Andrew Stavisky made key contributions to this report.

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