INFORMATION TECHNOLOGY

Improvements Needed in the Reliability of Defense Budget Submissions

Why GAO Did This Study

The Department of Defense (DOD) spends more on information technology (IT) annually than any other department or agency, accounting for about half of the $59 billion governmentwide IT budget in fiscal year 2004. It is thus important that consistent, accurate, and complete DOD IT budget information is available to the Congress and the Office of Management and Budget (OMB) so that they can make informed decisions among competing demands for funds. Accordingly, GAO reviewed the department's fiscal year 2004 IT budget submission to determine whether it was reliable, including identifying opportunities for future improvement.

What GAO Recommends

To improve the consistency, accuracy, and completeness of future DOD IT budget submissions, GAO is making recommendations to the Secretary of Defense that are aimed at establishing appropriate policies, procedures, and supporting systems to avoid repeating the same problems that GAO found in the department's submission for fiscal year 2004.

DOD either agreed or partially agreed with GAO's recommendations, and it described actions that it plans to take to improve the reliability of its IT budget submissions.

What GAO Found

DOD's IT budget submission for fiscal year 2004 contains material inconsistencies, inaccuracies, or omissions that limit its reliability. For example:

- Two primary parts of the submission—the IT budget summary report and the detailed Capital Investment Reports on each IT initiative—are inconsistent. In particular, 15 initiatives that appear in the budget summary do not appear in the Capital Investment Reports, and discrepancies exist between the two types of reports in the amounts requested for 73 major initiatives. These discrepancies total about $1.6 billion. (The table below shows the portion of this total difference that is attributable to various DOD organizations.)
- Major initiatives do not consistently use the same type of appropriations to fund the same activities. That is, to fund the same types of activities, some DOD organizations used the Research, Development, Test, and Evaluation appropriations and others used the Operation and Maintenance appropriations.
- The IT budget summary does not include all the costs of the IT initiatives, which is contrary to federal guidance. For example, the IT budget reports do not always include the costs of military personnel working on the initiatives.

These problems are largely attributable to insufficient management attention and limitations in departmental policies and procedures, such as guidance in DOD's Financial Management Regulation, and to shortcomings in systems that support budget-related activities. The result is that OMB and the Congress are constrained in their ability to make informed IT funding decisions and conduct effective oversight and control, which could cause decision makers to approve or deny funding for programs that they might otherwise have treated differently, as well as increasing the chances of funds in an appropriation not being sufficient to cover obligations.

Discrepancies between Funding Totals from DOD IT Budget Summary and Capital Investment Reports for Fiscal Year 2004

Dollars in millions

DOD component	Discrepancy
Department of the Air Force	$362.81
Department of the Army	55.57
Department of the Navy	581.89
Seven agencies and activities and the Office of the Secretary of Defense	88.96
Multiple organizations[a]	530.61
Total	**$1,619.84**

Source: GAO analysis of DOD data.

[a] Of 30 cross-service initiatives, 27 had differences, but these differences could not be attributed to a single component because more than one component reported funding for each initiative.

United States General Accounting Office