



Highlights of [GAO-08-52](#), a report to congressional committees

BUSINESS SYSTEMS MODERNIZATION

Air Force Needs to Fully Define Policies and Procedures for Institutionally Managing Investments

Why GAO Did This Study

In 1995, GAO first designated the Department of Defense’s (DOD) business systems modernization program as “high-risk” and continues to do so today. In 2004, Congress passed legislation reflecting prior GAO recommendations that DOD adopt a corporate approach to information technology (IT) business systems investment management including tiered accountability for business systems at the department and component levels. To support GAO’s legislative mandate to review DOD’s efforts, GAO assessed whether the investment management approach of one of DOD’s components—the Department of the Air Force (Air Force)—is consistent with leading investment management best practices. In doing so, GAO applied its IT Investment Management (ITIM) framework and associated methodology, focusing on the stages related to the investment management provisions of the Clinger-Cohen Act of 1996.

What GAO Recommends

GAO recommends that the Department of the Air Force fully define the project and portfolio management policies and procedures discussed in GAO’s ITIM framework. In comments on a draft of this report, DOD stated that the Air Force has begun to establish a project-level management process that will be instituted in formal policies and is applying DOD’s portfolio management process in its decision making.

What GAO Found

The Air Force has established the basic management structures needed to effectively manage its IT projects as investments, but has not fully implemented many of the related policies and procedures outlined in GAO’s ITIM framework (see table). Air Force has fully implemented three of the nine key practices that call for project-level management structures, policies, and procedures, and has not implemented any of the five practices that call for portfolio-level policies and procedures. Regarding project-level practices, it has established an IT investment board that is responsible for defining and implementing the department’s business systems investment governance process, has developed procedures for identifying and collecting information about its business systems to support investment selection and control, and has assigned responsibility for ensuring that the information collected during project identification meets the needs of the investment management process. However, Air Force has not fully documented business systems investment policies and procedures for directing investment board operations, selecting new investments, reselecting ongoing investments, or integrating the investment funding and investment selection processes. In addition, it has not implemented any of the policies and procedures for developing and maintaining a complete business system investment portfolio.

Air Force officials stated that they are aware of the absence of documented policies and procedures in certain areas of project-level and portfolio-level management and that they are currently working on guidance to address these areas. For example, officials stated that they had begun drafting portfolio-level policies and procedures. According to Air Force officials, the policies and procedures are expected to be completed and approved by December 2007. Until Air Force fully defines policies and procedures for both individual projects and portfolios of projects, it risks not being able to select and control these business system investments in a way that is consistent and complete, which in turn increases the chances that these investments will not meet mission needs in the most effective manner.

Status of Air Force’s Project- and Portfolio-Level Management Capabilities

Stage 2: Building the investment foundation	Key practices executed	Stage 3: Developing a complete investment portfolio	Key practices executed
Instituting the investment board	1/2	Defining the portfolio criteria	0/2
Meeting business needs	0/1	Creating the portfolio	0/1
Selecting an investment	0/3	Evaluating the portfolio	0/1
Providing investment oversight	0/1	Conducting post implementation reviews	0/1
Capturing investment information	2/2		
Overall	3/9		0/5

Source: GAO.

To view the full product, including the scope and methodology, click on [GAO-08-52](#). For more information, contact Valerie Melvin at (202) 512-6304 or melvinv@gao.gov.