



Highlights of [GAO-07-518](#), a report to the Subcommittee on Energy and Water Development, Committee on Appropriations, House of Representatives

Why GAO Did This Study

Since 1990, Department of Energy (DOE) contract management (which includes project management) has been designated as a high-risk area for fraud, waste, abuse, and mismanagement. For years, GAO has reported on DOE's inadequate management and oversight of its contracts and projects. GAO has made dozens of recommendations on steps that DOE could take to improve project management. Furthermore, in 1999 The National Academies' National Research Council developed a series of recommendations to address weaknesses in DOE's project management. This GAO report discusses (1) DOE's main efforts since 1999 to address project management weaknesses, (2) the extent to which DOE's project performance has improved, and (3) the extent to which DOE's project management guidelines have been consistently followed.

What GAO Recommends

GAO recommends that DOE enhance accountability by ensuring that project management requirements are consistently followed by all of the department's component organizations and that any exceptions to following the requirements are allowed only after senior management's review and approval. In commenting on a draft of the report, DOE agreed with the recommendation.

www.gao.gov/cgi-bin/getrpt?GAO-07-518.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Gene Aloise, 202-512-3841, aloisee@gao.gov.

DEPARTMENT OF ENERGY

Consistent Application of Requirements Needed to Improve Project Management

What GAO Found

Since 1999, DOE has improved its approach to project management by addressing weaknesses in three key areas, as recommended by the National Research Council—strengthening project management policies and guidance, developing consistent and objective performance information on ongoing projects, and improving the quality of federal oversight of contractors and projects. DOE revised its policies and guidance to, among other things, require senior management approval at critical decision points. To develop consistent, objective performance information for ongoing projects, DOE required its contractors to implement an “earned value” management system, commonly used in private industry. DOE also developed a project tracking and reporting system to routinely make the earned value performance information available to managers. To help ensure the consistency and reliability of performance data, DOE is reviewing and certifying the contractors' earned value management systems. To improve the quality of federal oversight, DOE developed a training and certification program for federal project directors and required independent reviews of projects at critical decision points.

Nevertheless, performance on DOE's projects has not substantially improved. DOE set a performance goal of having 90 percent of its ongoing projects being managed within a 10 percent variance of cost and schedule baseline targets. Since October 2002, when DOE began reporting monthly project performance data, DOE has achieved its 90 percent performance goal only about one third of the time. The percentage of projects meeting the performance goal has been relatively steady, seldom falling below 80 percent or exceeding 90 percent. DOE officials said that, although performance goals are not consistently being met, improvements in project planning, independent project reviews at critical decision points, and stronger federal oversight should result in improved project performance in the future.

DOE has not ensured that its project management requirements are consistently followed. For example, on a project started in June 2004 to demonstrate an alternative waste treatment technology at DOE's Hanford site, DOE officials decided to accelerate the project's schedule. As a result, the project was initiated without using key project management tools, such as an independent review of the cost and schedule baseline. After the project experienced significant schedule and technical problems and the estimated cost more than tripled to about \$230 million, DOE began requiring that the project be managed consistent with its project management requirements. Furthermore, on four additional projects, estimated to cost over \$100 million each, cost and schedule information was not being reported into DOE's project tracking system, resulting in less senior management oversight.