



Highlights of [GAO-05-276](#), a report to congressional requesters

Why GAO Did This Study

For the President's Budget for Fiscal Year 2005, the Office of Management and Budget (OMB) stated that of the nearly 1,200 major information technology (IT) projects in the budget, it had placed approximately half—621 projects, representing about \$22 billion—on a Management Watch List, composed of mission-critical projects with identified weaknesses. GAO was asked to describe and assess OMB's processes for (1) placing projects on its Management Watch List and (2) following up on corrective actions established for projects on the list.

What GAO Recommends

To enable OMB to take advantage of potential benefits of using its Management Watch List as a tool for analyzing, setting priorities, and following up on IT projects, GAO is making recommendations to OMB aimed at more effective development and use of its Management Watch List.

In commenting on a draft of this report, OMB did not agree that an aggregated list, as recommended by GAO, is necessary for adequate oversight and management, because it uses other information and processes for this purpose. However, GAO continues to believe that an aggregated list would contribute to OMB's ability to analyze IT investments governmentwide and track progress in addressing deficiencies.

www.gao.gov/cgi-bin/getrpt?GAO-05-276.

To view the full product, including the scope and methodology, click on the link above. For more information, contact David Pownier at (202) 512-9286 or pownierd@gao.gov.

INFORMATION TECHNOLOGY

OMB Can Make More Effective Use of Its Investment Reviews

What GAO Found

For the fiscal year 2005 budget, OMB developed processes and criteria for including IT investments on its Management Watch List. In doing so, it identified opportunities to strengthen investments and promote improvements in IT management. However, it did not develop a single, aggregate list identifying the projects and their weaknesses. Instead, OMB officials told GAO that to identify IT projects with weaknesses, individual OMB analysts used scoring criteria that the office established for evaluating the justifications for funding that federal agencies submit for major projects. These analysts, each of whom is typically responsible for several federal agencies, were then responsible for maintaining information on these projects. To derive the total number of projects on the list that OMB reported for fiscal year 2005, OMB polled its individual analysts and compiled the result. However, OMB officials told GAO that they did not compile a list that identified the specific projects and their identified weaknesses. The officials added that they did not construct a single list because they did not see such an activity as necessary. Thus, OMB has not fully exploited the opportunity to use the list as a tool for analyzing IT investments on a governmentwide basis.

OMB had not developed a structured, consistent process for deciding how to follow up on corrective actions that its individual analysts asked agencies to take to address weaknesses associated with projects on its Management Watch List. According to OMB officials, decisions on follow-up and monitoring of progress were typically made by the staff with responsibility for reviewing individual agency budget submissions, depending on the staff's insights into agency operations and objectives. Because it did not consistently require or monitor follow-up activities, OMB did not know whether the project risks that it identified through its Management Watch List were being managed effectively, potentially leaving resources at risk of being committed to poorly planned and managed projects. In addition, because it did not consistently monitor the follow-up performed on projects on the Management Watch List, OMB could not readily tell GAO which of the 621 projects received follow-up attention. Thus, OMB was not using its Management Watch List as a tool in setting priorities for improving IT investments on a governmentwide basis and focusing attention where it was most needed.