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Highlights

Highlights of GAO-11-826, a report to congressional requesters

INFORMATION TECHNOLOGY

OMB Needs to Improve Its Guidance on IT Investments

Why GAO Did This Study

The federal government invests heavily in information technology (IT). In recent years, the Office of Management and Budget (OMB) has made efforts to improve the transparency, oversight, and management of the federal government's IT investments. More recently, in June 2009, OMB deployed the IT Dashboard, a Web-based system that provides detailed performance information on federal IT investments.

GAO was asked to (1) describe the current number and types of IT investments reported by federal agencies on the IT Dashboard, (2) evaluate the adequacy of OMB's guidance to federal agencies in reporting on IT investments, and (3) evaluate efforts to identify and address potentially duplicative investments. To address these objectives, GAO analyzed data from the IT Dashboard, analyzed 10 federal agencies' investment guidance and reports, and interviewed agency officials.

What GAO Recommends

GAO is recommending that OMB clarify its reporting on IT investments and improve its guidance to agencies on identifying and categorizing IT investments. OMB did not agree that further efforts were needed to clarify reporting. Given the importance of continued improvement in OMB's reporting and guidance, GAO maintains its recommendations are warranted.

View GAO-11-826. For more information, contact David Powner, (202) 512-9286 or pownerd@gao.gov.

What GAO Found

According to data reported on OMB's IT Dashboard in July 2011, 26 federal agencies plan to spend almost $79 billion on 7,248 IT investments in fiscal year 2011. OMB often uses the $79 billion figure in referring to annual federal investments in IT; however, it is important to note that this figure does not reflect the spending of the entire federal government. It does not include IT investments by 58 independent executive branch agencies, including the Central Intelligence Agency, or by the legislative or judicial branches. A closer look at the $79 billion in investments for the 26 agencies reveals that (1) the expenditures are split almost evenly between major and nonmajor (in terms of cost, risk, and other factors) investments; (2) about two-thirds of the expenditures are for systems in an operational state, while about one-third of the expenditures provide for the development of new systems; and (3) there are hundreds of investments providing similar functions across the federal government. For example, agencies reported 1,536 information and technology management investments, 781 supply chain management investments, and 661 human resource management investments (see table).

Selected category of investment	Number of investments	Expenditures ($ in millions)
Information and technology management	1,536	$35,476
Supply chain management	781	3,331
Human resource management	661	2,516

Source: GAO analysis of OMB IT Dashboard, exhibit 53 data as of July 2011.

OMB provides guidance to agencies on how to report on their IT investments, but this guidance does not ensure complete reporting or facilitate the identification of duplicative investments. Specifically, agencies differ on what investments they include as an IT investment; for example, 5 of the 10 agencies GAO reviewed consistently consider investments in research and development systems as IT, and 5 do not. As a result, the 26 federal agencies' annual IT investments are likely greater that the $79 billion reported in fiscal year 2011. In addition, OMB's guidance to federal agencies requires each investment to be mapped to a single functional category. This limits OMB's ability to identify duplicative investments both within and across agencies because similar investments may be organized into different categories.

OMB and federal agencies have undertaken several initiatives to address potentially duplicative IT investments. For example, OMB has efforts under way to consolidate similar functions through its "line of business" initiatives and has reduced the scope of three duplicative systems identified during executive reviews of high-priority projects. In addition, most of the agencies GAO reviewed established guidance for ensuring new investments are not duplicative with existing systems. However, most of OMB's recent initiatives have not yet demonstrated results. Further, agencies do not routinely assess operational systems to determine if they are duplicative. Until agencies routinely assess their IT investment portfolios to identify and reduce duplicative systems, the government's current situation of having hundreds of similar IT investments will continue to exist.

_____ **United States Government Accountability Office**