



Highlights of [GAO-10-663](#), a report to congressional committees

Why GAO Did This Study

Since 1995, GAO has designated the Department of Defense's (DOD) multibillion dollar business systems modernization program as high risk, and it continues to do so today. To assist in addressing DOD's modernization challenges, the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (the act) requires the department to, among other things, report specific information about business system investments, including (1) milestones and actual performance against specified measures and any revisions and (2) actions taken to certify that a modernization investment involving more than \$1 million meets defined conditions before obligating funds. The act also directs GAO to review each report. As agreed, GAO focused on the fiscal year 2010 report's compliance with, among other things, these provisions of the act. To do so, GAO compared DOD's report to the act's reporting requirements, interviewed DOD officials, analyzed relevant documentation, and leveraged prior GAO reports.

What GAO Recommends

GAO is recommending that future annual reports include additional information about investment performance measures and certification actions and that DOD guidance be revised to ensure that certification submissions disclose unresolved GAO findings and recommendations. DOD agreed with GAO's recommendations.

[View GAO-10-663](#) or [key components](#). For more information, contact Randolph C. Hite at (202) 512-3439 or hiter@gao.gov.

BUSINESS SYSTEMS MODERNIZATION

Scope and Content of DOD's Congressional Report and Executive Oversight of Investments Need to Improve

What GAO Found

DOD's fiscal year 2010 report to Congress on its business systems modernization program complies with key provisions in the act, but its scope and content are nevertheless limited. Specifically,

- The report includes milestones, performance against milestones, and milestone revisions for specific investments. However, other important performance measures, such as measures of progress against program cost, capability, and benefit commitments are not included in the report. DOD officials attributed the missing performance-related information to various factors, including that most of the investments addressed in the report have not progressed far enough in their life cycles to measure cost, capability, and benefit performance. However, the report also cites a number of investments that have produced business improvements and cost savings, and thus it follows that performance-related information about investment costs incurred, capabilities delivered, and benefits realized is available and can be reported relative to program expectations. Moreover, programs that have not yet delivered capabilities or realized benefits have nevertheless incurred costs, which DOD can report relative to expected costs.
- The report identifies certification actions associated with 116 business system modernization investments. However, the report omits certification actions for 40 other investments. According to DOD officials, the omitted actions are not new certifications, but rather are recertifications that were intentionally excluded from the report. However, certification memoranda show this is not the case for four of the actions and DOD guidance defines a recertification as a type of certification action. Further, the underlying bases for a number of reported actions are limited because program weaknesses that GAO's prior work has raised, such as the reliability of the systems' economic analyses and the sufficiency of business enterprise architecture compliance determinations, are not reflected in the reported certification actions. DOD's guidance does not require that certification submissions disclose program weaknesses that GAO has raised, and DOD officials stated that reviews are limited to the information that is submitted.

As a result, DOD's annual report does not provide the full range of information that is needed to permit meaningful and informed congressional oversight of the department's business systems modernization efforts. Moreover, the bases for some certification actions exclude relevant information about known investment weaknesses, and thus these actions may not be sufficiently justified.