



IT PORTFOLIO MANAGEMENT

Preliminary Results of Federal Efforts to Address Statutory Requirements

Statement for the Record by Kevin Walsh, Director, Information Technology and Cybersecurity

Statement for the Record to the Ranking Member,
Subcommittee on Cybersecurity, Information Technology, and
Government Innovation, Committee on Oversight and
Accountability, House of Representatives

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GAO Highlights

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September 20, 2024

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Why GAO Did This Study

The executive branch has undertaken numerous initiatives to better manage the more than \$100 billion that is annually invested in IT. However, federal IT investments too frequently fail to deliver capabilities in a timely manner. Recognizing the severity of issues related to the government-wide management of IT, in December 2014, Congress and the President enacted federal IT acquisition reform legislation, commonly referred to as FITARA.

GAO was asked to summarize its draft report on OMB's and agencies' efforts to implement FITARA's IT portfolio management requirements.

To develop its preliminary results, GAO identified FITARA requirements for annual IT portfolio reviews and high-risk IT investment reviews. GAO then compared agency documentation from OMB and the 24 Chief Financial Officers Act agencies to the requirements. GAO also interviewed OMB staff and agency officials regarding their IT portfolio management practices.

What GAO Recommends

GAO is making 10 preliminary recommendations to OMB to improve IT portfolio guidance, processes, and reporting; and 36 preliminary recommendations to 24 agencies to improve their IT portfolio management and high-risk investment review processes. GAO will finalize its preliminary results and recommendations after considering agencies' comments on the draft report.

What GAO Found

GAO's preliminary results indicate that the Office of Management and Budget (OMB) is not fully addressing eight key statutory requirements for IT portfolio management oversight contained in the Federal Information Technology Acquisition Reform Act (FITARA). Specifically, OMB is partially following four of the five requirements on IT portfolio reviews and is not following any of the three requirements on high-risk IT investments (see table).

Preliminary Analysis of the Extent to Which the Office of Management and Budget (OMB) Followed Statutory Requirements

Category	Requirement	Assessment
IT portfolio reviews	Implement a process to assist agencies in reviewing their IT portfolios.	partially followed
IT portfolio reviews	Develop standardized cost savings/avoidance metrics and performance indicators for agencies to implement the process.	partially followed

Category	Requirement	Assessment
IT portfolio reviews	Carry out the Federal Chief Information Officer's (CIO) role of being involved in an annual review of each agencies' IT portfolio in conjunction with the agency's CIO and Chief Operating Officer or Deputy Secretary (or equivalent).	not followed
IT portfolio reviews	Submit a quarterly report on the cost savings/reductions in duplicative IT investments identified through this review process to key committees in Congress.	partially followed
IT portfolio reviews	Submit to Congress a report on the net program performance benefits achieved as a result of major capital investments made by agencies for information systems and how the benefits relate to the accomplishment of the goals of the agencies. ^a	partially followed
High-risk IT investment reviews	Carry out consultation responsibilities of the Federal CIO to agency CIOs and program managers of major IT investments that receive high-risk ratings for four consecutive quarters.	not followed
High-risk IT investment reviews	Communicate the results of high-risk IT investment reviews to specified committees of Congress.	not followed
High-risk IT investment reviews	Deny any request of additional development, modernization, or enhancement funding for a major investment that has been rated high-risk for a year after the high-risk IT investment review. Additional funding should be denied until the agency CIO determines that the root causes of the risk have been addressed, and there is capability to deliver the remaining increments within the planned cost and schedule. ^b	not followed

Legend: ● Partially followed = the agency demonstrated that it was following some, but not all, of the requirement; ○ Not followed = the agency did not demonstrate that it was following the requirement.

Source: FITARA and GAO analysis of OMB documentation. | GAO-24-107665

^aThis language preceded FITARA in 40 USC 11302 and remained in the relevant section as part of the FITARA revisions.

^bThis requirement does not apply to investments at the Department of Defense.

GAO's preliminary analysis shows that none of the 24 agencies fully met the requirements for annual IT portfolio reviews. In addition, eight agencies with major IT investments rated as high-risk for four consecutive quarters did not follow the FITARA requirements for performing high-risk IT investment reviews. Specifically, three of the eight agencies performed the reviews but they did not address the specific requirements in law. The remaining five agencies did not perform the reviews.

Ranking Member Connolly:

I am pleased to submit our preliminary results on the status of the federal government's IT portfolio management. The executive branch has undertaken numerous initiatives to better manage the more than \$100 billion that is annually invested in IT. However, federal IT investments too frequently fail to deliver capabilities in a timely manner. They may also incur cost overruns or schedule slippages while contributing little to mission-related outcomes. These investments often lack disciplined and effective management in areas such as project planning, requirements definition, and program oversight and governance.

Recognizing the severity of issues related to the government-wide management of IT, in December 2014, Congress enacted federal IT acquisition reform legislation, commonly referred to as the Federal Information Technology Acquisition Reform Act (FITARA).¹ In 2015, we added the government's management of IT acquisitions and operations to the High-Risk List.²

We were asked to summarize our draft report on OMB's and agencies' efforts to implement FITARA's IT portfolio management requirements. To develop our preliminary results, we identified FITARA requirements for annual IT portfolio reviews and high-risk investment reviews.³ We compared documentation from OMB and 24 covered agencies to the FITARA requirements to determine the extent to which they are following those requirements.⁴ We also interviewed OMB staff and agency officials regarding their IT portfolio management practices.

OMB and the 24 agencies provided technical comments on the preliminary results of this statement, which we incorporated, as appropriate. We plan to make recommendations to OMB and agencies to improve their IT portfolio management practices. We will finalize our preliminary results and recommendations after considering

¹*Federal Information Technology Acquisition Reform Act* provisions of the *Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015*, Pub. L. No. 113-291, div A, title VIII, subtitle D, 128 Stat. 3292, 3438-3450 (Dec. 19, 2014).

²GAO, *High-Risk Series: An Update*, [GAO-15-290](#) (Washington, D.C.: Feb. 11, 2015). GAO's high-risk program identifies government operations with vulnerabilities to fraud, waste, abuse, and mismanagement, or in need of transformation to address economy, efficiency, or effectiveness challenges. Every 2 years, we issue an update that describes the status of these high-risk areas and actions that are still needed to assure further progress, and identifies new high-risk areas needing attention by Congress and the executive branch.

³This statement uses "annual IT portfolio review" to refer to any IT portfolio review, including those referred to as PortfolioStat sessions and uses "high-risk investment review" to refer to any review of high-risk investments, including those referred to as TechStat sessions. PortfolioStat and TechStat were terms in use by OMB to describe these sessions when FITARA was enacted. However, since FITARA does not use the terms PortfolioStat and TechStat and those terms are not used consistently throughout the government, we use different terms to describe these reviews. We only refer to "PortfolioStat" and "TechStat" when those are the specifically cited terms.

⁴The 24 federal agencies covered by the Chief Financial Officers Act of 1990 are the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban development, the Interior, Justice, Labor, State, Transportation, the Treasury, and Veterans Affairs; Environmental Protection Agency; General Services Administration; National Aeronautics and Space Administration; National Science Foundation; Nuclear Regulatory Commission; Office of Personnel Management; Small Business Administration; Social Security Administration; and U.S. Agency for International Development.

agencies' comments on the draft report. The work on which this statement is based is being conducted in accordance with generally accepted government auditing standards.

Background

The federal government has undertaken multiple initiatives over the years to address persistent issues with IT acquisitions and operations, including IT portfolio management. For example:

- In June 2009, OMB launched the IT Dashboard. It is intended to provide transparency for IT investments to facilitate public monitoring of government operations and accountability for investment performance by the Federal CIO who oversees them. Among other things, agencies are to submit ratings from their CIOs, which, according to OMB's instructions, should reflect the level of risk facing an investment relative to that investment's ability to accomplish its goals.⁵ These risk ratings are based on a five-point scale where 1 represents the highest risk and 5 represents the lowest risk. The dashboard then translates the agency CIOs' numerical ratings into a color for depiction on the Dashboard, with green signifying low or moderately low risk (i.e., investments with a 4 or 5), yellow signifying medium risk (i.e., a 3), and red signifying moderately high or high risk (i.e., a 1 or 2).
- In January 2010, OMB began conducting TechStats in an effort to turnaround, halt, or terminate IT projects that were failing or not producing results. OMB envisioned TechStats as face-to-face, evidence-based reviews of an at-risk IT investment. At the time, OMB used CIO ratings from the IT Dashboard, among other sources, to select at-risk investments for the TechStats. OMB conducted TechStats from 2010 through 2011 and subsequently required federal agencies to hold them too.⁶
- In March 2012, recognizing the proliferation of duplicative and low-priority IT investments within the federal government and the need to drive efficiency, OMB launched the PortfolioStat initiative.⁷ This required agency CIOs to conduct an annual agency-wide review of their IT portfolio to, among other things, assess the current maturity of their IT portfolio management process, reduce duplication, demonstrate how investments align with the agency's mission, and achieve savings by identifying opportunities to consolidate investments or move to shared services.
- In December 2014, FITARA⁸ was enacted and required covered executive branch agencies to ensure CIOs have a significant role in the management, governance, and oversight processes related to their IT portfolios. FITARA includes various requirements for agencies and OMB regarding IT portfolio management. While FITARA does not specifically use the terms "PortfolioStat" and "TechStat," it codified

⁵According to the IT Dashboard, each agency CIO is to rate investments based on their best judgment, using a set of pre-established criteria, including risk management, requirements management, contractor oversight, historical performance, human capital, and any other factors the CIO deems important to forecasting future success.

⁶OMB, *25 Point Implementation Plan to Reform Federal Information Technology Management* (Washington, D.C.: Dec. 9, 2010) and *Chief Information Officer Authorities M-11-29* (Washington, D.C.: Aug. 8, 2011). OMB's M-11-29 was rescinded by M-17-26 on June 15, 2017.

⁷OMB, *Implementing PortfolioStat*, M-12-10 (Washington, D.C.: Mar. 30, 2012).

⁸Federal Information Technology Acquisition Reform Act provisions of the Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. 113-291, div. A, title VIII, subtitle D, 128 Stat. 3292, 3438-3450 (Dec. 19, 2014).

similar requirements for OMB and agencies on performing annual IT portfolio reviews and high-risk IT investment reviews. We discuss these requirements further in this statement.

- In June 2015, OMB issued guidance that described how agencies are to implement FITARA.⁹ Among other things, OMB provided guidance for agencies in implementing FITARA's requirements for the annual review of agencies' IT portfolios and reviews of high-risk IT investments.¹⁰ In its guidance, OMB updated the existing PortfolioStat and TechStat processes and requirements.

Preliminary Results Indicate OMB Is Not Fully Following Key FITARA IT Management Requirements

In our preliminary results, we found that OMB is not fully following eight FITARA requirements for IT portfolio management oversight. Specifically, OMB is partially following four of the five requirements on IT portfolio reviews and is not following any of the three requirements on high-risk IT investments. Table 1 summarizes the extent to which OMB is following IT portfolio management requirements in FITARA.¹¹

⁹OMB, *Management and Oversight of Information Technology*, M-15-14 (Washington, D.C.: June 10, 2015).

¹⁰Since FITARA does not use the terms PortfolioStat and TechStat and those terms are not used consistently throughout the government, we chose broad terms to describe these reviews. This report generally uses "annual IT portfolio review," which is a broad term that includes PortfolioStat sessions, and "high-risk investment review," which is a broad term that includes TechStat sessions. We only refer to "PortfolioStat" and "TechStat" when those are the specifically cited terms.

¹¹Sunset provisions relevant to FITARA's sections on capital planning and investment control (40 U.S.C. § 11302) and resources, planning, and portfolio management (40 U.S.C. § 11319) were removed through amendments to FITARA in 2017.

Table 1: Preliminary Assessment of the Extent to Which the Office of Management and Budget (OMB) Is Following the Federal Information Technology Acquisition Reform Act’s (FITARA) IT Portfolio Management Requirements

Category	Requirement	Assessment
IT portfolio reviews	Implement a process to assist agencies in reviewing their IT portfolios to: <ul style="list-style-type: none"> • identify or develop ways to increase the efficiency and effectiveness of the agency’s IT investments; • identify or develop opportunities to consolidate the acquisition and management of IT services and increase the use of shared-service delivery models; • identify potential duplication and waste; • identify potential cost savings; • develop plans for actions to optimize the IT portfolio, programs, and resources; • develop ways to better align the IT portfolio, programs, and financial resources to any multi-year funding requirements or strategic plans required by law; and • develop a multi-year strategy to identify and reduce duplication and waste within the IT portfolio, including component-level investments, and to identify projected cost savings resulting from such strategy. 	partially followed
IT portfolio reviews	Develop standardized cost savings/avoidance and performance metrics for agencies to implement the process, in consultation with agency chief information officers (CIO). ^a	partially followed
IT portfolio reviews	Carry out the Federal CIO’s role in being involved in an annual review of each agency’s IT portfolio that is conducted by the CIO of each agency in conjunction with the Chief Operating Officer or Deputy Secretary (or equivalent) of each agency and the Federal CIO.	not followed
IT portfolio reviews	Submit a quarterly report on the cost savings and reductions in duplicative IT investments identified through this review process to specified committees of Congress.	partially followed
IT portfolio reviews	Submit to Congress, at the same time that the President submits the budget for a fiscal year, a report on the net program performance benefits achieved as a result of major capital investments made by agencies for information systems and how the benefits relate to the accomplishment of the goals of the agencies. ^b	partially followed
High-risk IT investment reviews	Carry out consultation responsibilities of the Federal CIO to agency CIOs and program managers of major IT investments that receive high-risk ratings for four consecutive quarters.	not followed
High-risk IT investment reviews	Through the Federal CIO, communicate the results of required high-risk IT investment reviews to the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Government Reform and the House and Senate Appropriations Committees, and the committees of the Senate and House with primary jurisdiction over the agency.	not followed

Category	Requirement	Assessment
High-risk IT investment reviews	Ensure that for agencies other than the Department of Defense, if 1 year after the date of completion of the high-risk IT investment review the major IT investment is still rated as high-risk, any request of additional development, modernization, or enhancement funding for the major investment is denied until the date on which the agency CIO determines that the root causes of the high level of risk have been addressed, and there is sufficient capability to deliver the remaining planned increments within the planned cost and schedule.	not followed

Legend: ● Partially followed = documentation demonstrated that the agency was following some, but not all, of the requirement; ○ Not followed = no documentation or documentation demonstrated that the agency was not following the requirement.

Source: FITARA and GAO analysis of OMB documentation. | GAO-24-107665

^aFITARA uses the term “performance indicators” but we refer to them in this report as metrics for simplicity.

^bThis language preceded FITARA in 40 USC 11302 and remained in the relevant section as part of the FITARA revisions.

^cThis committee is now called the Committee on Oversight and Accountability.

Preliminary Results Indicate That OMB Is Partially Following Most IT Portfolio Review Requirements, but Is Not Holding Required Annual Reviews

Our preliminary analyses show that OMB is partially following most of FITARA’s requirements for IT portfolio reviews. Specifically, of the five requirements for IT portfolio reviews, OMB is partially following four and is not following the fifth. The four requirements that OMB is partially following are:

- Implement a process to assist agencies in reviewing their IT portfolios.** As previously noted, in June 2015, OMB issued guidance that outlined a process for agencies to implement for IT portfolio review activities to ensure compliance with FITARA requirements. Our preliminary results show that the guidance addressed all of the elements FITARA required, such as providing a method for agencies to identify potential duplication and waste and plans for action to optimize the IT portfolio. However, this guidance has not been revised since 2015 and is now outdated. For example, the guidance describes a process that OMB has stated to us that is no longer in use (e.g., quarterly meetings) and includes guidance that is only relevant for fiscal year 2015. Moreover, OMB has stated it is not following the IT portfolio management process laid out in the guidance or ensuring that agencies follow the guidance for IT portfolio reviews.

OMB also pointed to section 55 of its Circular A-11 for additional guidance for agencies’ IT portfolio management processes.¹² However, Circular A-11 does not include FITARA’s required elements for this process, including identifying ways for agencies to increase the efficiency and effectiveness of the portfolio, identify potential duplication or waste, or identify potential cost savings.

- Develop standardized cost savings/avoidance and performance metrics for agencies to implement the process.**¹³ OMB reported that the metrics used to measure IT portfolio progress are

¹²OMB, *Preparation, Submission, and Execution of the Budget*, Circular No. A-11, section 55, (Washington, D.C.: August 11, 2023).

¹³FITARA uses the term “performance indicators” but we refer to them in this report as metrics for simplicity. 40 U.S.C. § 11319(d)(2).

provided to agencies in three documents: Circular A-11,¹⁴ its guidance on its Integrated Data Collection (IDC) process,¹⁵ and the IT Dashboard's Frequently Asked Questions.¹⁶ Taken as a whole, these documents provide agencies standardized cost savings metrics; however, our preliminary analysis shows

they do not include standardized performance metrics. For example, the most recent Circular A-11 states that agency IT portfolio submissions should include broad categories of data such as operational analysis data, IT performance data, and performance results data. However, the circular does not provide standardized cost savings/avoidance or performance metrics. In addition, while the IDC guidance includes metrics on cost savings/avoidances, it does not include standardized metrics on performance.

- **Submit a quarterly report on the cost savings and reductions in duplicative IT investment identified through this review process to specified committees of Congress.** OMB personnel stated that the Office of the Federal CIO does not provide this data specifically to Congress. Instead, OMB uses the public IT Dashboard to display agency-reported cost savings resulting from several OMB initiatives, such as data center optimization and software license management or "PortfolioStat." However, the IT Dashboard does not provide a report of reductions in duplicative IT investments identified through the portfolio review process.¹⁷

Further, our preliminary analysis showed that the cost savings/avoidances data reported on the IT Dashboard for annual IT portfolio reviews were unreliable. Specifically, for each agency's reported cost savings/avoidances, we either identified inaccuracies with the data or were unable to substantiate the savings/avoidances amount or that the savings/avoidances were due to an annual review of the IT portfolio.

- **Submit to Congress a report on the net program performance benefits achieved.** Our preliminary results indicate that OMB's analytical perspectives section of the President's fiscal year 2025 budget details anticipated benefits of major capital investments in information systems.¹⁸ For example, the analytical perspectives section discusses the potential benefits of cybersecurity investments in modernizing cybersecurity defenses, improving information sharing, and strengthening the U.S.' rapid incident responses. In addition, it highlights the anticipated benefits of powering intelligent government operations and citizen services to drive key insights into the decision-making process. However, the analytical perspectives section does not specify the benefits that have been achieved or how the benefits relate to the accomplishment of the goals of the agencies.

Our preliminary analyses indicate that OMB is not following the fifth requirement:

- **Carry out the Federal CIO's role in being involved in an annual review of each covered agency's IT portfolio.** According to FITARA, OMB is to carry out the Federal CIO's role in an annual review of each

¹⁴OMB, *Preparation, Submission, and Execution of the Budget, Circular No. A-11* (Washington, D.C.: August 2023).

¹⁵The IDC process is intended to be a consolidated approach for agencies to comply with OMB's reporting requirements. OMB provides IDC instructions quarterly to agencies dictating how to report required data to OMB.

¹⁶IT Dashboard, <https://itdashboard.gov/faq> (accessed February 21, 2024)

¹⁷As previously stated, the PortfolioStat term is not used consistently throughout the government, nor does FITARA specifically use that term. As a result, we use a broader term, "annual IT portfolio reviews" here.

¹⁸OMB, *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2025* (Washington, D.C.: Mar. 11, 2024).

covered agency's IT portfolio that is conducted by the CIO of each agency in conjunction with the Chief Operating Officer or Deputy Secretary (or equivalent) of each agency and the Federal CIO.¹⁹

OMB reported that it is not holding, what it called, an annual meeting between the Federal CIO and each agency to review their IT portfolios. Notably, OMB's IDC instructions state that PortfolioStat reviews (as described in M-15-14) were discontinued in 2017 and replaced with desk officer reviews. OMB acknowledged that its portfolio reviews have changed over time and, while the agency previously conducted individual meetings called PortfolioStats, it now conducts a number of activities to support the annual review of an agencies' IT portfolio. In particular, OMB stated that these activities include (1) meetings with desk officers at varying intervals throughout the year, (2) strategic reviews led by the OMB Deputy Director for Management, and (3) annual reviews during the budget process.

However, these meetings do not satisfy the FITARA requirements for annual IT portfolio reviews, as the required participants (including the Federal CIO) are not conducting the reviews, nor do they occur on an annual basis.

Preliminary Analyses Shows That OMB Is Not Following Requirements for High-Risk IT Investment Reviews

According to our preliminary analyses, OMB is not following the three FITARA requirements for high-risk investment reviews:

- **Carry out consultation responsibilities of the Federal CIO to agency CIOs and program managers of major IT investments that receive high risk ratings for four consecutive quarters.** OMB personnel stated that the Federal CIO regularly collaborates with its desk officers and agency CIOs alike on various IT portfolio reviews, including high-risk investments. However, our preliminary analyses that reviewed agency documentation of 27 high-risk review sessions shows that the Federal CIO was not consulted for any of them.
- **Communicate the results of high-risk IT investment reviews to key committees in Congress.** OMB stated it had not reported this information to the required Congressional committees. OMB personnel were unable to assess when such a report could be sent to Congress in the future.
- **Deny any request of additional development, modernization, or enhancement funding for a major investment that has been rated high-risk for a year after the high-risk IT investment review.** As we discuss further in the next section, of the 17 major investments that were rated high risk for more than 12 consecutive months, our preliminary analyses show that agencies performed reviews on nine of them. Three of the investments were only recently reviewed and it is too soon for OMB to have performed this oversight on them. Of the remaining six investments, four improved to medium risk within the year following the agencies' required review of the investment. However, our preliminary results indicate that OMB did not deny requests for additional funding for the other two investments that did meet this criterion: the Department of Homeland Security's Homeland Advanced Recognition Technology investment and the Department of the Interior's Trust Asset Accounting Management System.

¹⁹According to 44 U.S.C. 3602(c), the Federal CIO (referred to as the Administrator of the Office of Electronic Government in the statute) shall assist the OMB Director in carrying out various functions that appear to encompass relevant portions of FITARA.

Preliminary Analyses Indicate Agencies Have Not Fully Met Requirements for FITARA-required IT Reviews

Our preliminary analyses show that the 24 agencies have not fully followed FITARA requirements for IT portfolio management reviews, including annual IT portfolio reviews and high-risk IT investment reviews.

FITARA requires an agency CIO to conduct an annual review of the agency's IT portfolio, in conjunction with the Chief Operating Officer or Deputy Secretary (or equivalent) and the Federal CIO.²⁰ As previously discussed, OMB is not holding annual IT portfolio reviews with agencies and instead is using a variety of methods to review portfolios. As a result, our preliminary results show that all 24 agencies reported using various mechanisms to review their IT portfolios, in an attempt to comply with FITARA requirements. However, none of the 24 agencies' processes fully followed FITARA's requirements because, for example, they were not conducted by the CIO or held in conjunction with the Chief Operating Officer or Deputy Secretary or the Federal CIO.

FITARA includes three requirements for agency CIOs related to high-risk IT investment reviews.²¹ Specifically, the CIO of each agency and the project manager of the investment in question are to:

- review a major IT investment when it has received a high-risk rating for four consecutive quarters;
- consult the Federal CIO on the review; and
- document (1) a root cause analysis of the high level of risk, (2) the extent to which these causes can be addressed, and (3) the probability of future successes.²²

Between November 2020 and August 2023, eight agencies had a total of 17 major investments that were rated high-risk for four consecutive quarters.²³ However, our preliminary results show that none of the eight agencies fully met the related FITARA requirements. Specifically, we found that three agencies (the Departments of Homeland Security, the Interior, and State) conducted reviews of all of their applicable high-risk investments and five agencies (the Departments of Housing and Urban Development and Labor, Small Business Administration, Office of Personnel Management, and U.S. Agency for International Development) did not hold a review that was similar to what FITARA requires for any of their applicable investments. See figure 1 for a depiction of the extent to which agencies reviewed their high-risk IT investments, as of April 2024.

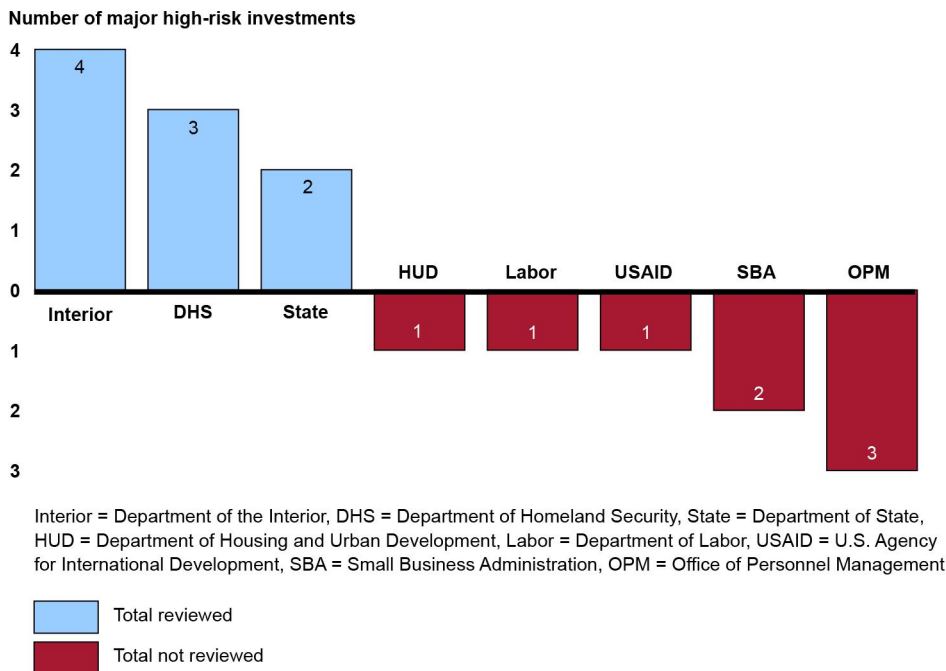
²⁰40 U.S.C § 11319(d)(3). FITARA allows DOD to use an existing process to fulfill this requirement, in consultation with the Federal CIO. 40 U.S.C § 11319(d)(4).

²¹40 U.S.C § 11302(c)(4)(A). FITARA allows DOD to use an existing process to fulfill the requirement, provided that the results of the review are provided to the Federal CIO upon request and to specified committees of Congress. 40 U.S.C § 11302(c)(4)(C).

²²Using OMB's FITARA implementation guidance, M-15-14, we interpreted "the extent to which these causes can be addressed" to be demonstrated by the agency identifying action items and due dates. Likewise, we interpreted "the probability of future successes" to be demonstrated by the agency identifying outcomes.

²³FITARA states that a "high risk rating" shall be categorized in accordance with guidance from OMB. 40 U.S.C § 11302(c)(4) and 11302(c)(3)(C). OMB's FITARA implementation guidance, M-15-14, equates a high-risk rating with a rating that is red on the IT Dashboard. As a result, we identified those that received a "red" rating (i.e., a "1" or a "2") on the dashboard for four consecutive quarters.

Figure 1: Preliminary Analysis of Extent to Which Agencies Performed Required High-Risk IT Investment Reviews, as of April 2024



Source: GAO analysis of agency documentation. | GAO-24-107665

Accessible Data for Figure 1: Preliminary Analysis of Extent to Which Agencies Performed Required High-Risk IT Investment Reviews, as of April 2024

Agency	Total Reviewed	Total Unreviewed
Department of the Interior	4	0
Department of Homeland Security	3	0
Department of State	2	0
Department of Housing and Urban Development	0	1
Department of Labor	0	1
U.S. Agency for International Development	0	1
Small Business Administration	0	2
Office of Personnel Management	0	3

Source: GAO analysis of agency documentation. | GAO-24-107665

Further, preliminary results indicate that the agencies that conducted reviews of high-risk investments (the Departments of Homeland Security, the Interior, and State) did not meet the requirements for a high-risk investment review. Specifically, each of the reviews were missing key elements required in a high-risk IT investment review, such as consulting the Federal CIO or identifying a root cause.

GAO Anticipates Making Numerous Recommendations to Improve IT Portfolio Management

We anticipate making 10 recommendations to OMB to improve IT portfolio management guidance, processes, and reporting. Specifically, we anticipate making recommendations to OMB to update guidance for agencies on performing annual portfolio and high-risk IT investment reviews; carry out the Federal CIO's role in conducting annual portfolio and high-risk investment reviews; deny requests of additional funding applicable high-risk investments; and fulfill its statutory requirements to report to Congress on these efforts.

In addition, we plan to make 36 recommendations to 24 agencies to improve their IT portfolio management and high-risk IT investment review processes. Specifically, we anticipate making recommendations to agencies that they conduct required annual IT portfolio reviews and high-risk IT investment reviews, as prescribed by FITARA.

We will finalize our preliminary results and recommendations after considering agencies' comments on the draft report. We expect that if our final recommendations are implemented, the government will be better positioned to effectively manage the more than \$100 billion that is annually invested in IT.

Ranking Member Connolly, this concludes my statement for the record.

GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this statement, please contact Kevin Walsh, Director, Information Technology and Cybersecurity, at (202) 512-6151 or walshk@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this statement are Jessica Steele (Assistant Director), Ash Huda (Analyst-in-Charge), Chris Businsky, Rebecca Eyler, Sami Ghusn, Colin Jenkins, Michael Lebowitz, Nathan Nguyen, Andrew Weiss.

Letter

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Sarah Kaczmarek, Acting Managing Director, KaczmarekS@gao.gov, (202) 512-4800, U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, DC 20548

Strategic Planning and External Liaison

Stephen J. Sanford, Managing Director, spel@gao.gov, (202) 512-4707
U.S. Government Accountability Office, 441 G Street NW, Room 7814, Washington, DC 20548