

Why GAO Did This Study

For decades, DOD has been challenged in modernizing its business systems. Since 1995, GAO has designated DOD's business systems modernization program as high risk, and it continues to do so today. To assist in addressing DOD's business system modernization challenges, the National Defense Authorization Act for Fiscal Year 2005 requires the department to take certain actions prior to obligating funds for covered systems. It also requires DOD to annually report to the congressional defense committees on these actions and for GAO to review each annual report. In response, GAO performed its annual review of DOD's actions to comply with the act and related federal guidance. To do so, GAO reviewed, for example, the latest version of DOD's business enterprise architecture, fiscal year 2013 budget submission, investment management policies and procedures, and certification actions for its business system investments.

What GAO Recommends

GAO recommends that the Secretary of Defense take steps to strengthen the department's mechanisms for governing its business systems modernization activities. DOD concurred with two of GAO's recommendations and partially concurred with one, but did not concur with the recommendation that it report progress on staffing the office responsible for business systems modernization to the congressional defense committees. GAO maintains that including staffing progress information in DOD's annual report will facilitate congressional oversight and promote departmental accountability.

View [GAO-12-685](#). For more information, contact Valerie Melvin at (202) 512-6304 or melvinv@gao.gov.

DOD BUSINESS SYSTEMS MODERNIZATION

Governance Mechanisms for Implementing Management Controls Need to Be Improved

What GAO Found

The Department of Defense (DOD) continues to take steps to comply with the provisions of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, as amended, and to satisfy relevant system modernization management guidance. While the department has initiated numerous activities aimed at addressing the act, it has been limited in its ability to demonstrate results. Specifically, the department

- released its most recent business enterprise architecture version, which continues to address the act's requirements and is consistent with the department's future vision for developing its architecture. However, the architecture has not yet resulted in a streamlined and modernized business systems environment, in part, because DOD has not fully defined the roles, responsibilities, and relationships associated with developing and implementing the architecture.
- included a range of information for 1,657 business system investments in its fiscal year 2013 budget submission; however, it does not reflect about 500 business systems, due in part to the lack of a reliable, comprehensive inventory of all defense business systems.
- has not implemented key practices from GAO's Information Technology Investment Management framework since GAO's last review in 2011. In addition, while DOD has reported its intent to implement a new organizational structure and guidance to address statutory requirements, this structure and guidance have yet to be established. Further, DOD has begun to implement a business process reengineering review process but has not yet measured and reported results.
- continues to describe certification actions in its annual report for its business system investments as required by the act—DOD approved 198 actions to certify, decertify, or recertify defense business system modernizations, which represented a total of \$2.2 billion in modernization spending. However, the basis for these actions and subsequent approvals is supported with limited information, such as unvalidated architectural compliance assertions.
- lacks the full complement of staff it identified as needed to perform business systems modernization responsibilities. Specifically, the office of the Deputy Chief Management Officer, which took over these responsibilities from another office in September 2011, reported that 41 percent of its positions were unfilled.

DOD's progress in modernizing its business systems is limited, in part, by continued uncertainty surrounding the department's governance mechanisms, such as roles and responsibilities of key organizations and senior leadership positions. Until DOD fully implements governance mechanisms to address these long-standing institutional modernization management controls provided for under the act, addressed in GAO recommendations, and otherwise embodied in relevant guidance; its business systems modernization will likely remain a high-risk program.