DOD BUSINESS SYSTEMS MODERNIZATION

Additional Action Needed to Achieve Intended Outcomes

GAO Highlights

Why GAO Did This Study

GAO designated DOD's multibillion dollar business systems modernization program as high risk in 1995, and since then has provided a series of recommendations aimed at strengthening its institutional approach to modernizing its business systems investments. Section 332 of the NDAA for fiscal year 2005, as amended, requires the department to take specific actions consistent with GAO's prior recommendations and included a provision for GAO to review DOD's efforts. In addition, the Senate Armed Services Committee Report for the NDAA for fiscal year 2015 included a provision for GAO to evaluate the usefulness and effectiveness of DOD's business enterprise architecture and business process reengineering processes. This report addresses both of those provisions.

In evaluating the department's compliance, GAO analyzed DOD's efforts to address open recommendations made in previous reviews. To evaluate the usefulness and effectiveness of the department's business enterprise architecture and business process reengineering processes, GAO surveyed the military department portfolio managers (24 in total) and interviewed officials. The response rate for the survey was 100 percent, making the results of the survey generalizable.

What GAO Recommends

GAO recommends that DOD utilize the results of the survey to determine additional actions that can improve management of its business process reengineering and enterprise architecture activities. DOD concurred with the recommendation.

View GAO-15-627. For more information, contact Carol R. Cha at (202) 512-4456 or chac@gao.gov.

What GAO Found

The Department of Defense (DOD) has implemented 5 of the 16 recommendations made by GAO since June 2011 to address each of the overarching provisions for improving business systems management in the *Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005*, as amended (NDAA) (10 U.S.C. § 2222) (see table). For example, it has implemented the recommendation to improve the data available for its business systems by making improvements to its repositories used for tracking information about the systems. Based on GAO's analysis, the department has partially implemented the remaining 11 recommendations. Implementing all recommended actions will improve DOD's modernization management controls and help fulfill the department's execution of the act's requirements.

Status of DOD's Implementation of Prior Recommendations Associated with the Fiscal Year 2005 NDAA, as Amended, as of April 2015

NDAA Provision	Implemented	Partially Implemented	Total
Business Enterprise Architecture	1	2	3
Enterprise Transition Plan	-	1	1
Investment Management	1	3	4
Investment Certification and Approval	2	3	5
Mandated Budgetary Reporting	1	-	1
Other (Human Capital)	-	2	2
Total	**5**	**11**	**16**

Source: GAO analysis of DOD documentation. | GAO-15-627.

DOD's business enterprise architecture and process reengineering efforts are not fully achieving the intended outcomes described in statute. More specifically, portfolio managers reported through GAO's survey that the architecture was not effective in constraining system investments or enabling DOD to produce reliable and timely information for decision-making purposes, among other things. As a result, the architecture has produced limited value. Portfolio managers reported that the department's business process reengineering efforts were moderately effective in streamlining business processes, but much less so in limiting the tailoring of commercial off-the-shelf systems. They also reported that these efforts have been useful in realizing selected benefits, such as improved documentation of business needs.

Managers GAO surveyed reported various challenges that impede the department's ability to fully achieve intended outcomes, such as cultural resistance to change and the lack of skilled staff. The department has work under way to address some of these challenges; however, gaps exist and the portfolio managers provided suggestions on how to close some of them. More fully addressing the challenges cited by the portfolio managers would help the department achieve better outcomes, including greater operational efficiencies and cost savings.

_____ **United States Government Accountability Office**