

# GAO@100 Highlights

Highlights of [GAO-21-459](#), a report to the Subcommittee on Transportation, and Housing and Urban Development, and Related Agencies, Committee on Appropriations, House of Representatives

## Why GAO Did This Study

For many years, HUD has insured a portfolio of single-family mortgages worth over \$1 trillion, relying on an outdated IT infrastructure and manual processes. HUD has made several unsuccessful attempts to modernize IT in the past, leaving it dependent on legacy systems. In April 2019, FHA and HUD's Office of the Chief Information Officer (OCIO), initiated FHA Catalyst.

GAO was requested to review HUD's single-family housing modernization program. This report examines (1) the extent to which HUD has implemented leading practices for managing requirements and identifying and mitigating risks for FHA Catalyst, (2) the reliability of the program's estimated costs and schedule, and (3) the extent to which HUD has established effective oversight for the program.

GAO compared FHA Catalyst documentation on requirements, risk, cost, schedule, and oversight to leading practices identified in the Capability Maturity Model Integration, and GAO's guides on cost, schedule, and investment management. GAO also interviewed FHA and OCIO officials.

## What GAO Recommends

GAO is making eight recommendations to HUD to fully implement leading practices for managing requirements and mitigating risks, estimating cost and schedule, and conducting oversight. HUD concurred with the recommendations.

View [GAO-21-459](#). For more information, contact Kevin Walsh at (202) 512-6151 or [walshk@gao.gov](mailto:walshk@gao.gov).

September 2021

## IT MODERNIZATION

### HUD Needs to Improve Its Estimation and Oversight Practices for Single-Family Housing

#### What GAO Found

For the Federal Housing Administration (FHA) Catalyst program, the Department of Housing and Urban Development (HUD) substantially implemented leading practices for managing information technology (IT) requirements and risk management. The Catalyst program is intended to modernize the single-family housing loan life cycle and associated IT systems. Specifically, the department fully implemented two of four requirements management leading practices, and partially implemented the other two. For example, HUD established requirements and performed testing on all FHA Catalyst modules. However, the department did not document agreements among the project managers responsible for managing requirements or subject FHA Catalyst to an independent review to ensure modules were performing as expected. As a result, the FHA Catalyst program is at risk of not performing as intended or of not meeting requirements.

In addition, HUD established a risk management plan, and identified and analyzed risks to FHA Catalyst. However, HUD did not develop contingency plans for the identified risks. Without established contingency plans, the department could be unprepared to handle a critical risk, should one occur.

HUD developed cost and schedule estimates for the FHA Catalyst program that exhibited significant weaknesses in addressing leading practices for cost and schedule estimation and, therefore, were unreliable.

- According to GAO's *Cost Estimating and Assessment Guide*, the characteristics of a high-quality, reliable cost estimate are that it is comprehensive, well-documented, accurate, and credible. The FHA Catalyst cost estimate was unreliable because it partially addressed the "comprehensive" characteristic, minimally addressed the "well-documented" and "accurate" characteristics, and did not address the "credible" characteristic. For example, although the estimate included life-cycle costs, it did not include the cost of full-time government employees and infrastructure. Without a reliable cost estimate, the department faces an increased risk that the program will cost more than the planned \$91.9 million.
- GAO's *Schedule Assessment Guide* states that a sound schedule estimate is comprehensive, well-constructed, credible, and controlled. The FHA Catalyst schedule was unreliable because it partially addressed the comprehensive, credible, and controlled characteristics, and did not address the well-constructed characteristic found in the guide. The absence of a reliable schedule estimate raises increased doubt that HUD will be able to complete the modernization by December 2023 as planned.

Although HUD took early action to establish FHA Catalyst oversight and partially implemented four related categories of leading practices, gaps exist in the established processes to oversee the program. These gaps include a lack of fully defined roles and responsibilities, and the absence of measures to assess performance. Accordingly, HUD lacks assurance that oversight will be performed and that decision makers have the information needed to monitor the program.