



Testimony

Before the Subcommittee on Federal Financial Management,
Government Information, Federal Services, and
International Security, Committee on Homeland Security
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INFORMATION
TECHNOLOGY

OMB and Agencies Need
to Improve Planning,
Management, and
Oversight of Projects
Totaling Billions of Dollars

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Highlights of [GAO-08-1051T](#), a testimony to the Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

The federal government spends billions of dollars on information technology (IT) projects each year. Consequently, it is important that projects be managed effectively to ensure that public resources are wisely invested. To this end, the Office of Management and Budget (OMB), which plays a key role in overseeing the federal government's IT investments, identifies major projects that are poorly planned by placing them on a Management Watch List and requires agencies to identify high-risk projects that are performing poorly (i.e., have performance shortfalls). Having accurate and transparent project cost and schedule information is also essential to effective oversight. At times, changes to this information—called a rebaselining—are made to reflect changed development circumstances. These changes can be done for valid reasons, but can also be used to mask cost overruns and schedule delays.

GAO has previously testified on the Management Watch List and high risk projects. GAO was asked to (1) provide an update on these projects, (2) identify OMB's efforts to improve the identification and oversight of these projects, and (3) summarize the results of GAO's IT project rebaselining report being released today. In preparing this testimony, GAO analyzed current Management Watch List and high risk project information.

To view the full product, including the scope and methodology, click on [GAO-08-1051T](#). For more information, contact David A. Powner at (202) 512-9286 or pownerd@gao.gov.

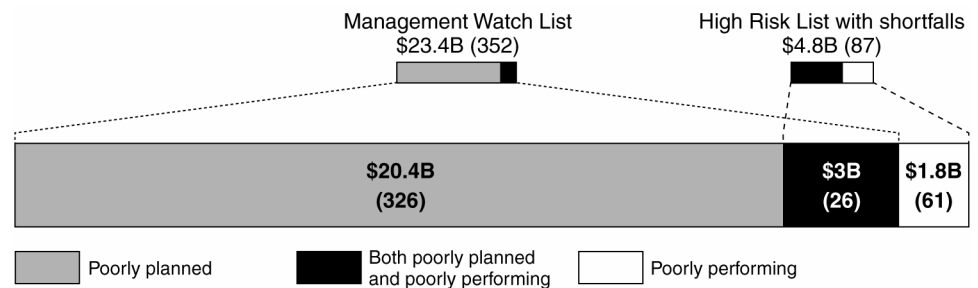
INFORMATION TECHNOLOGY

OMB and Agencies Need to Improve Planning, Management, and Oversight of Projects Totaling Billions of Dollars

What GAO Found

OMB and federal agencies have identified approximately 413 IT projects—totaling at least \$25.2 billion in expenditures for fiscal year 2008—as being poorly planned, poorly performing, or both. Specifically, through the Management Watch List process, OMB determined that 352 projects (totaling about \$23.4 billion) are poorly planned. In addition, agencies reported that 87 of their high risk projects (totaling about \$4.8 billion) were poorly performing. Twenty-six projects (totaling about \$3 billion) are considered both poorly planned and poorly performing.

Figure: Poorly Planned and Poorly Performing IT Projects (as of July 2008)



Source: GAO analysis of OMB and agency data.

OMB has taken steps to improve the identification of the Management Watch List and high-risk projects since GAO testified last September, including publicly disclosing reasons for placement on the Management Watch List and clarifying high-risk project criteria. However, more needs to be done by both OMB and the agencies to address recommendations GAO has previously made to improve the planning, management, and oversight of poorly planned and performing projects so that potentially billions in taxpayer dollars are not wasted.

In its rebaselining review, GAO reports that 48 percent of the federal government's major IT projects have been rebaselined for several reasons, including changes in project goals and changes in funding. Of those rebaselined projects, 51 percent were rebaselined at least twice and about 11 percent were rebaselined 4 times or more. In addition, while the major agencies have all established rebaselining policies, these policies are not comprehensive. Specifically, none of the policies were fully consistent with best practices, including describing a process for developing a new baseline and requiring the validation of the new baseline. Agencies' policies varied in part because OMB has not issued guidance specifying what elements these policies are to include. In its report, GAO makes recommendations to OMB to issue guidance for rebaselining policies and to the major agencies to develop comprehensive rebaselining policies that address identified weaknesses.

July 31, 2008

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the federal government's processes for improving the management of information technology (IT) investments. As you know, billions of taxpayer dollars are spent on these projects each year. This number is expected to reach \$71 billion for fiscal year 2009. Given the size of these investments and the criticality of many of the systems to the health, economy, and security of the nation, it is important that they be effectively managed.

To this end, the Office of Management and Budget (OMB), which plays a key role in overseeing the federal government's IT investments, identifies major projects that are poorly planned by placing them on a Management Watch List and requires agencies to identify high-risk projects that are performing poorly. Having accurate and transparent project cost and schedule information is also essential to effective oversight. At times, changes to this information—called a rebaselining—are made to reflect changed development circumstances. These changes can be done for valid reasons, but can also be used to mask cost overruns and schedule delays.

We have testified on the Management Watch List and high-risk projects for the past 2 years, highlighting the number and dollar value of the projects identified as poorly planned and/or poorly performing.¹ You asked us to (1) provide an update on OMB's Management Watch List and list of high-risk projects, (2) identify OMB's efforts to improve the identification and oversight of these projects, and (3) summarize our IT project rebaselining report, which is being released today.² In preparing this testimony, we analyzed the current Management Watch List and high-risk project information and reviewed recent actions taken by OMB to better identify and oversee these projects. In completing our rebaselining review we surveyed the managers of a random sample of 180 projects selected from

¹GAO, *Information Technology: Further Improvements Needed to Identify and Oversee Poorly Planned and Performing Projects*, [GAO-07-1211T](#) (Washington, D.C.: Sept. 20, 2007); GAO, *Information Technology: Improvements Needed to More Accurately Identify and Better Oversee Risky Projects Totaling Billions of Dollars*, [GAO-06-1099T](#) (Washington, D.C.: Sept. 7, 2006).

²GAO, *Information Technology: Agencies Need to Establish Comprehensive Policies to Address Changes to Projects' Cost, Schedule, and Performance Goals*, [GAO-08-925](#) (Washington, D.C.: July 31, 2008).

the 778 major IT projects the 24 major agencies plan to invest in during fiscal year 2008 and compared agencies' rebaselining policies to best practices identified in our *Cost Assessment Guide*. We performed our work in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Results in Brief

OMB and federal agencies have identified approximately 413 IT projects—totaling at least \$25.2 billion in expenditures for fiscal year 2008—as being poorly planned, poorly performing, or both. Specifically, through the Management Watch List process, OMB determined that 352 projects (totaling about \$23.4 billion) are poorly planned. In addition, agencies reported that 87 of their high-risk projects (totaling about \$4.8 billion) were poorly performing. Twenty-six projects (totaling about \$3 billion) are considered both poorly planned and poorly performing.

OMB has taken steps to improve the identification of the Management Watch List and high-risk projects since we testified last September, including publicly disclosing reasons for inclusion on the Management Watch List and clarifying high-risk project criteria. However, more needs to be done by both OMB and the agencies to address recommendations we have previously made to improve the planning, management, and oversight of the poorly planned and poorly performing projects so that potentially billions in taxpayer dollars are not wasted. For example, OMB has yet to publicly disclose the deficiencies (i.e., performance shortfalls) associated with high-risk projects, and agencies still need to take actions to address recommendations we have previously made to improve their investment management practices.

In our rebaselining review, we project that 48 percent of the federal government's major IT projects have been rebaselined for several reasons, including changes in project goals and changes in funding. Of those rebaselined projects, 51 percent were rebaselined at least twice, and about 11 percent were rebaselined 4 times or more. In addition, while the major agencies had all established rebaselining policies, these policies were not comprehensive. Specifically, none of the policies were fully consistent with best practices, including describing a process for developing a new baseline and requiring the validation of the new baseline. Agencies'

policies varied in part because OMB has not issued guidance specifying what elements these policies are to include. In our report, we are making recommendations to OMB to issue guidance for rebaselining policies and to the major agencies to develop comprehensive rebaselining policies that address identified weaknesses.

Background

Each year, OMB and federal agencies work together to determine how much the government plans to spend on IT projects and how these funds are to be allocated. Federal IT spending has risen to an estimated \$71 billion for fiscal year 2009.

OMB plays a key role in overseeing the implementation and management of federal IT investments. To improve this oversight, Congress enacted the Clinger-Cohen Act in 1996, expanding the responsibilities delegated to OMB and agencies under the Paperwork Reduction Act.³ Among other things, Clinger-Cohen requires agencies to better link their IT planning and investment decisions to program missions and goals and to implement and enforce IT management policies, procedures, standards, and guidelines. The act also requires that agencies engage in capital planning and performance and results-based management.⁴ OMB's responsibilities under the act include establishing processes to analyze, track, and evaluate the risks and results of major capital investments in information systems made by executive agencies. OMB must also report to Congress on the net program performance benefits achieved as a result of these investments.⁵

In response to the Clinger-Cohen Act and other statutes, OMB developed policy for the planning, budgeting, acquisition, and management of federal capital assets. This policy is set forth in OMB Circular A-11 (section 300) and in OMB's *Capital Programming Guide* (supplement to Part 7 of Circular A-11), which direct agencies to develop, implement, and use a capital programming process to build their capital asset portfolios. Among other things, OMB's *Capital Programming Guide* directs agencies to

- evaluate and select capital asset investments that will support core mission functions and demonstrate projected returns on investment that

³44 U.S.C. § 3504(h) & 3506(h).

⁴40 U.S.C. § 11312 & 11313.

⁵40 U.S.C. § 11302 & 11303.

are clearly equal to or better than alternative uses of available public resources,

- institute performance measures and management processes that monitor actual performance and compare it to planned results, and
- establish oversight mechanisms that require periodic review of operational capital assets to determine if mission requirements have changed and whether the asset continues to fulfill those requirements and deliver its intended benefits.

To further support the implementation of IT capital planning practices as required by statute and directed in OMB's *Capital Programming Guide*, we have developed an IT investment management framework⁶ that agencies can use in developing a stable and effective capital planning process. It is a tool that can be used to determine both the status of an agency's current IT investment management capabilities and the additional steps that are needed to establish more effective processes. Mature and effective management of IT investments can vastly improve government performance and accountability, while poor management can result in wasteful spending and lost opportunities for improving delivery of services to the public.

Prior Reviews on Federal IT Investment Management Have Identified Weaknesses

We have previously reported that the federal government faces enduring challenges in effectively managing IT investments. For example, in January 2004, we reported on the mixed results of federal agencies' use of IT investment management practices.⁷ Specifically, we reported that, although most of the agencies had IT investment boards responsible for defining and implementing the agencies' investment management processes, they did not always have important mechanisms in place for these boards to effectively control investments, including decision-making rules for project oversight, early warning mechanisms, and requirements that corrective actions for underperforming projects be agreed upon and tracked. Accordingly, we made several recommendations to agencies to improve their practices.

⁶GAO, *Information Technology Investment Management: A Framework for Assessing and Improving Process Maturity*, [GAO-04-394G](#) (Washington, D.C.: March 2004).

⁷GAO, *Information Technology Management: Governmentwide Strategic Planning, Performance Measurement, and Investment Management Can Be Further Improved*, [GAO-04-49](#) (Washington, D.C.: Jan. 12, 2004).

In previous work using our investment management framework, we reported that the use of IT investment management practices by agencies was mixed. For example, a few agencies that have followed the framework in implementing capital planning processes have made significant improvements.⁸ In contrast, however, we and others have continued to identify weaknesses at agencies in many areas, including immature management processes to support both the selection and oversight of major IT investments and the measurement of actual versus expected performance in meeting established performance measures.⁹ For example, in 2007, we reported that the Department of Homeland Security and the Department of the Treasury did not have the processes in place to effectively select and oversee their major investments.¹⁰

OMB's Management Watch List Is Intended to Correct Project Weaknesses and Business Case Deficiencies

To help ensure that investments of public resources are justified and that public resources are wisely invested, OMB began using its Management Watch List in the President's fiscal year 2004 budget request as a means to oversee the justification for and planning of agencies' IT investments. This list was derived based on a detailed review of each investment's Capital Asset Plan and Business Case, also known as the exhibit 300.

The exhibit 300 is a reporting mechanism intended to enable an agency to demonstrate to its own management, as well as to OMB, that a major project is well planned in that it has employed the disciplines of good project management; developed a strong business case for the investment; and met other Administration priorities in defining the cost, schedule, and performance goals proposed for the investment.

⁸These agencies include the Departments of Agriculture, Commerce, and the Interior.

⁹For example, GAO, *Information Technology: Treasury Needs to Strengthen Its Investment Board Operations and Oversight*, [GAO-07-865](#) (Washington, D.C.: Jul. 23, 2007); GAO, *Information Technology: DHS Needs to Fully Define and Implement Policies and Procedures for Effectively Managing Investments*, [GAO-07-424](#) (Washington, D.C., Apr. 27, 2007); GAO, *Information Technology: Centers for Medicare & Medicaid Services Needs to Establish Critical Investment Management Capabilities*, [GAO-06-12](#) (Washington, D.C.: Oct. 28, 2005); GAO, *Information Technology: Departmental Leadership Crucial to Success of Investment Reforms at Interior*, [GAO-03-1028](#) (Washington, D.C.: Sept. 12, 2003); and GAO, *United States Postal Service: Opportunities to Strengthen IT Investment Management Capabilities*, [GAO-03-3](#) (Washington, D.C.: Oct. 15, 2002).

¹⁰[GAO-07-424](#) and [GAO-07-865](#).

In April 2005, we reported that OMB analysts evaluated agency exhibit 300s by assigning scores to each exhibit 300 based on guidance presented in OMB Circular A-11.¹¹ As described in this circular, the scoring of a business case consisted of individual scoring for 10 categories (on a scale from 1 to 5 with 5 being the highest), as well as a total composite score of all the categories. The 10 scoring categories are:

- support of the President's Management Agenda,
- project (investment) management,
- acquisition strategy,
- performance information,
- security,
- privacy,
- enterprise architecture,
- alternatives analysis,
- risk management, and
- cost/ schedule/ performance.

When we reported on the Management Watch List in 2005, projects were placed on the Management Watch List if they received low scores (3 or less) in the areas of performance goals, performance-based management systems, security and privacy or if they received a low composite score.

For the fiscal year 2009 budget, OMB used more stringent criteria. Specifically, OMB placed projects on the Management Watch List if they had (1) an overall score of 30 or less, (2) a security score of 3 or less, or (3) a non-security score of 2 or less. Projects were also placed on the list if other sources (such as an Inspector General's Federal Information Security Management Act report¹² or the agency's President's Management

¹¹GAO, *Information Technology: OMB Can Make more Effective Use of Its Investment Reviews*, GAO-05-276 (Washington, D.C., April 15, 2005).

¹²The Federal Information Security Management Act directs federal agencies to conduct periodic information security reviews and Inspectors General to perform annual independent evaluations of agency programs and systems and report their results to OMB and Congress; 44 U.S.C. § 3544(b)(5) & 3545.

Agenda E-government scorecard¹³) indicated that the agency did not have qualified project managers or had weaknesses in its implementation of security, privacy, or earned value management techniques.

According to OMB, agencies with projects on the Management Watch List are to submit remediation plans addressing the weaknesses. Those projects that receive specific follow-up attention receive feedback through what is known as the passback process, targeted evaluation of remediation plans designed to address weaknesses, the apportioning of funds made conditional on appropriate remediation plans being in place, and the quarterly e-Government Scorecards. According to OMB, it removes projects from the Management Watch List as agencies remediate the weaknesses identified with these projects' business cases.

OMB's High-Risk Projects Process Is Intended to Correct and Improve Project Performance

As originally defined in OMB Circular A-11 and subsequently reiterated in an August 2005 memorandum, high-risk projects are those that require special attention from oversight authorities and the highest levels of agency management. These projects are not necessarily at risk of failure, but may be on the list because of one or more of the following four reasons:

- The agency has not consistently demonstrated the ability to manage complex projects.
- The project has exceptionally high development, operating, or maintenance costs, either in absolute terms or as a percentage of the agency's total IT portfolio.
- The project is being undertaken to correct recognized deficiencies in the adequate performance of an essential mission program or function of the agency, a component of the agency, or another organization.
- Delay or failure of the project would introduce for the first time unacceptable or inadequate performance or failure of an essential mission function of the agency, a component of the agency, or another organization.

¹³The President's Management Agenda is a program that was instituted in 2002 to improve the management and performance of the federal government. It addresses 5 governmentwide initiatives, including E-government, that agencies are supposed to implement to achieve improvements. OMB issues scorecards on a quarterly basis to track how well the departments and major agencies are executing these initiatives.

In 2006, we reported that, to identify high-risk projects, staff from each agency's Office of the Chief Information Officer compare the criteria against their current portfolio to determine which projects met OMB's definition. They then submit the list to OMB for review. According to OMB and agency officials, after the submission of the initial list, examiners at OMB work with individual agencies to identify or remove projects as appropriate. According to most agencies, the final list is then approved by their Chief Information Officer.¹⁴

This year, OMB clarified and expanded the high-risk project criteria. Specifically, in the materials supplementing the President's budget for fiscal year 2009, OMB listed the following criteria for identifying high-risk projects:

- complex projects,
- projects with a high degree of political or citizen interest,
- projects with cross-organizational or agency impact or interdependencies with other systems efforts,
- major systems on the Management Watch List at the conclusion of the prior fiscal year that continue to warrant heightened attention during project execution,
- major systems formally designated as an E-Government or Line of Business Shared Service Provider,
- E-Government initiative migration projects that are planned or underway (which are removed upon completion),
- existing or legacy agency systems retiring once their functionality has been migrated to a common solution (also removed once retired), and
- program or program management office activities supporting government-wide common solutions.

For the identified high-risk projects, Chief Information Officers are to assess, confirm, and document projects' performance. Specifically, agencies are required to determine, for each of their high-risk projects, whether the project was meeting one or more of four performance evaluation criteria, which include:

- establishing baselines with clear cost, schedule, and performance goals;

¹⁴GAO, *Information Technology: Agencies and OMB Should Strengthen Processes for Identifying and Overseeing High Risk Projects*, [GAO-06-647](#) (Washington, D.C., June 15, 2006).

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- maintaining the project’s cost and schedule variances within 10 percent;
 - assigning a qualified project manager; and
 - avoiding duplication by leveraging inter-agency and governmentwide investments.

High risk projects failing to meet any of these four performance evaluation criteria are considered to have “performance shortfalls.” Agencies are instructed to document these shortfalls using a standard template provided by OMB and provide this template to oversight authorities on request. Upon submission, individual analysts review the quarterly performance reports of projects with shortfalls to determine how well the projects are progressing and, using other performance data already received, whether the actions described in the planned improvement efforts are adequate.

OMB’s Role and Laws and Guidance on IT Project Rebaselining

At times, a major IT project’s cost, schedule, and performance goals—known as a baseline—need to be modified to reflect new circumstances. While these changes—generally referred to as rebaselining—can be done for valid reasons—including, for example, changes in a project’s objectives, scope, requirements, or funding stream—they can also be used to mask cost overruns and schedule delays. The purpose of a rebaselining is to ensure that project managers have realistic benchmarks for tracking the status of the project.

OMB requires that all proposed changes to baselines be submitted to it prior to an agency’s budget request (and that proposed changes should not be assumed to be approved). The information OMB requires from agencies includes costs and milestones from both the initial and current baselines (if the program has been rebaselined). It also asks agencies whether the investment was rebaselined during the past fiscal year and, if so, if the new baseline was approved by the agency head. The *Capital Programming Guide* also notes that OMB reviews the reasons for deviation from goals, the reasonableness of the corrective actions proposed, and the validity of increased cost estimates. The guide further states that OMB is to consider approving a rebaseline proposal only when the agency has provided justification based on an integrated baseline review,¹⁵ demonstrates that

¹⁵An integrated baseline review is an evaluation of a program’s baseline plan to determine whether all program requirements have been addressed, risks have been identified, mitigation plans are in place, and available and planned resources are sufficient to complete the work.

the new goals have a high probability of attainability, and shows that the acquisition will still have a benefit-cost ratio that justifies continued funding after comparing it with the other projects in the portfolio and considering budget limitations.

Staff from OMB's Office of E-government and Information Technology and the Acting Chief of OMB's Information Policy and Technology Branch told us that they review agencies' earned value management policies to determine their compliance with the provisions of the Presidential Management Agenda for E-government. They stated that, in reviewing these policies, they determine whether rebaselining is adequately addressed.

In addition, the Department of Defense (DOD) has statutory requirements involving rebaselining. Each major defense acquisition program is required by statute to establish an approved program baseline before entering into the system development and demonstration phase of the acquisition cycle. For such programs, a revised baseline is also required for each subsequent milestone authorizing entry into the next phase of the acquisition cycle. The statute also requires DOD to prescribe regulations addressing the content of the baseline, reports of deviations from the baseline, procedures for reviewing such deviations within DOD, and procedures for submission to and approval by the Secretary of Defense of revised baselines.

We also recently issued a draft *Cost Assessment Guide* on best practices for estimating and managing program costs¹⁶ which, among other things, discusses considerations in rebaselining programs. For example, the guide identifies key cost, schedule, project execution risk, and data accuracy indicators that can serve as warning signs that a program may need to be rebaselined. The guide also identifies best practices that are relevant to rebaselining policies. These practices are: (1) describing reasons when a rebaseline is warranted, (2) describing the process for developing a new baseline, (3) requiring validation of the new baseline, (4) requiring management review, and (5) requiring that decisions associated with the rebaselining process are documented.

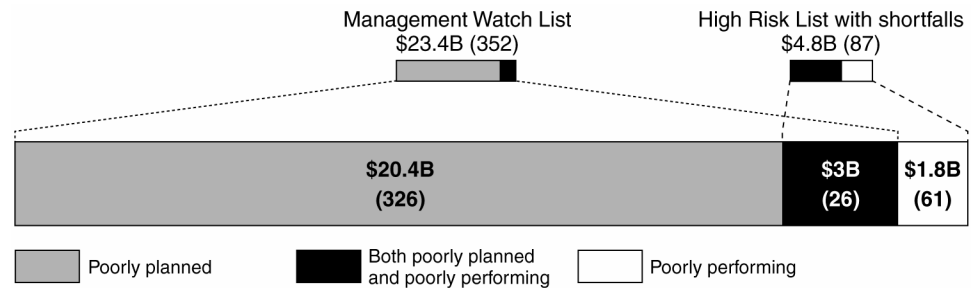
¹⁶GAO, *Cost Assessment Guide: Best Practices for Estimating, and Managing Program Costs, exposure draft*, [GAO-07-1134SP](#) (Washington, D.C.: July 2007).

Hundreds of Projects Totaling Billions of Dollars in Estimated Expenditures for Fiscal Year 2009 Are Poorly Planned or Poorly Performing

OMB and federal agencies have identified approximately 413 IT projects—totaling at least \$25.2 billion in expenditures for fiscal year 2009—as being poorly planned, poorly performing, or both. Specifically, hundreds of projects totaling billions of dollars have been placed on OMB’s Management Watch List for fiscal year 2009. In addition, projects identified as poorly performing under OMB’s high-risk process total about \$4.8 billion in estimated expenditures for fiscal year 2009. Finally, 26 projects totaling \$3 billion have been identified as both poorly planned and poorly performing.

Figure 1 shows the distribution of these projects and their associated dollar values.

Figure 1: Poorly Planned and Poorly Performing IT Projects (as of July 2008)



Source: GAO analysis of OMB and agency data.

Hundreds of Projects Totaling Billions of Dollars Were Placed on the Management Watch List for Fiscal Year 2009

Each year, OMB has placed hundreds of projects totaling billions of dollars on the Management Watch List. Table 1 provides a historical perspective of the number of these projects and their associated budgets since OMB started reporting on the Management Watch List in the President’s budget request for 2004. The table shows that while the number of projects and their associated budgets have generally decreased since then, they increased by 239 projects and \$13 billion dollars for fiscal year 2009, and represent a significant percentage of the total budget.

Table 1: Major IT Projects on the Management Watch List for Fiscal Years 2004-2009

Fiscal years	Major federal IT projects (associated budget in billions)	Management Watch List projects (associated budget in billions)	Percentage of federal IT projects on Management Watch List (percentage of budget)
2004	1400 (\$59.0)	771 (\$20.9)	55% (35%)
2005	1200 (\$60.0)	621 (\$22.0)	52% (37%)
2006	1087 (\$65.0)	342 (\$15.0)	31% (23%)
2007	857 (\$64.0)	263 (\$9.9)	31% (15%)
2008	840 (\$65.0)	346 (\$14.0)	41% (22%)
2009	810 (\$70.7)	585 (\$27.0)	72% (38%)

Source: GAO analysis of OMB data.

As of July 2008, OMB reported that 352 of the 585 projects, representing \$23.4 billion, still remained on the Management Watch List (see appendix I for complete list). Table 2 shows the number of projects each agency has on the watch list as of July 2008.

Table 2: Number of Major IT Projects on Watch List by Agency (as of July 2008)

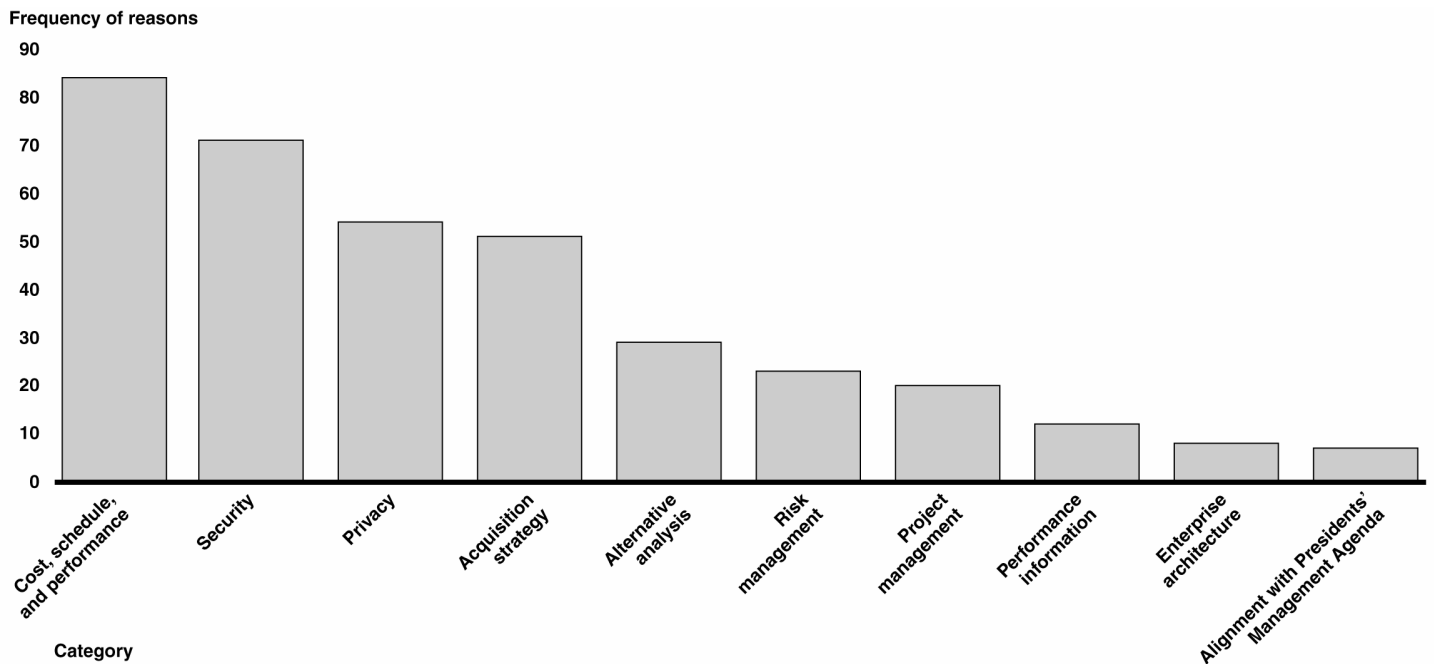
Agency	Number of projects	Percentage of agencies' major projects
Corps of Engineers	10	100%
Department of Agriculture	37	100%
Department of Commerce	61	100%
Department of Defense	63	100%
Department of Education	11	39%
Department of Health and Human Services	29	43%
Department of Homeland Security	28	39%
Department of the Interior	50	100%
Department of State	1	5%
Department of Transportation	2	4%
Department of the Treasury	4	7%
Department of Veterans Affairs	40	100%

Agency	Number of projects	Percentage of agencies' major projects
Nuclear Regulatory Commission	15	100%
Office of Personnel Management	1	100%
Total	352	44%

Source: OMB data.

According to OMB's evaluation of the exhibit 300s, investments were placed on the watch list primarily because of weaknesses in the way they addressed (1) cost, schedule, and performance; (2) security; (3) privacy; and (4) acquisition strategy. Figure 2 illustrates the frequency of these reasons for the projects that remained on list as of July 2008. Appendix II provides additional detail by agency.

Figure 2: Frequency of Reasons for Inclusion on the Management Watch List as of July 2008



Source: GAO analysis of OMB data.

*Note: Frequency does not add up to 352 because projects could be placed on the Management Watch List for multiple reasons.

In addition, according to OMB, thirty-two of these projects have been on the Management Watch List since fiscal year 2006. The Departments of Veterans Affairs and Commerce have had the most projects on the list since then: 14 and 7, respectively. Table 3 identifies the 32 projects that have been on the Management Watch List since fiscal year 2006.

Table 3: Projects on the Management Watch List since fiscal year 2006

Agency	Project
Department of Agriculture	Human Resources Line of Business: Service Center
Department of Commerce	Financial Management IT Operations
	Weather and Climate Computing Infrastructure Services
	Consolidated IT Infrastructure
	National Air Quality Forecast Capability
	Next Generation Weather Radar System Product Improvement
	National Weather Service Telecommunication Gateway System
	National Weather Service Regions & Field
Department of Education	Common Services for Borrowers-Legacy
Department of the Interior	Capstone Facility Management System
	Consolidated Infrastructure, Automation, Telecomm
Department of Transportation	IT Combined Infrastructure
Department of the Treasury	Enterprise IT Infrastructure Optimization Initiative
Department of Veterans Affairs	Health Administration Center IT Operations
	Health Data Repository
	Benefits Delivery Network Maintenance and Operations
	Decision Support System
	VistA-Legacy
	Federal Health Information Exchange
	Enrollment Operations and Maintenance
	VistA Imaging
	Allocation Resource Center
	Learning Management System
	Medical and Prosthetic Research Operations
	IT Infrastructure-2009
	Program Integrity/Data Management
	Benefits Support Services

Agency	Project
Corps of Engineers	Financial Management System
	Automated Personal Property Management Systems
	Project Management Information System II
	Corps Water Management System
Office of Personnel Management	Enterprise Infrastructure

Source: OMB data.

Poorly Performing Projects Total About \$4.8 Billion in Estimated Expenditures for Fiscal Year 2009

As of June 2008, the 24 major agencies identified 472 IT projects as high risk, at least 87 of which had performance shortfalls collectively totaling about \$4.8 billion in funding requested for fiscal year 2009. Table 4 shows that the number of projects increased, while the number of projects with shortfalls decreased this year. The fact that the Department of Veterans Affairs has not yet provided information on its number of projects with shortfalls may be a contributing factor.

Table 4: High-Risk Projects with Performance Shortfalls (associated budget in billions)

Fiscal years	Total federal IT projects	High risk projects (associated budget)	High risk projects with shortfalls (associated budget)	Percentage of total IT projects with shortfalls	Percentage of total IT projects' budget with shortfalls
2007	857 (\$64.0)	226 (\$6.4) ^a	79 (\$2.2) ^a	9%	3.4%
2008	840 (\$65.0)	438 (\$14.0) ^b	124 (\$6.0) ^b	15%	9%
2009	810 (\$70.7)	472 (\$14.7) ^c	87 (\$4.8) ^d	10%	7%

Source: GAO analysis of OMB and agency data.

^aThese number and dollar figures are from September 2006.

^bThese number and dollar figures are from June 2007.

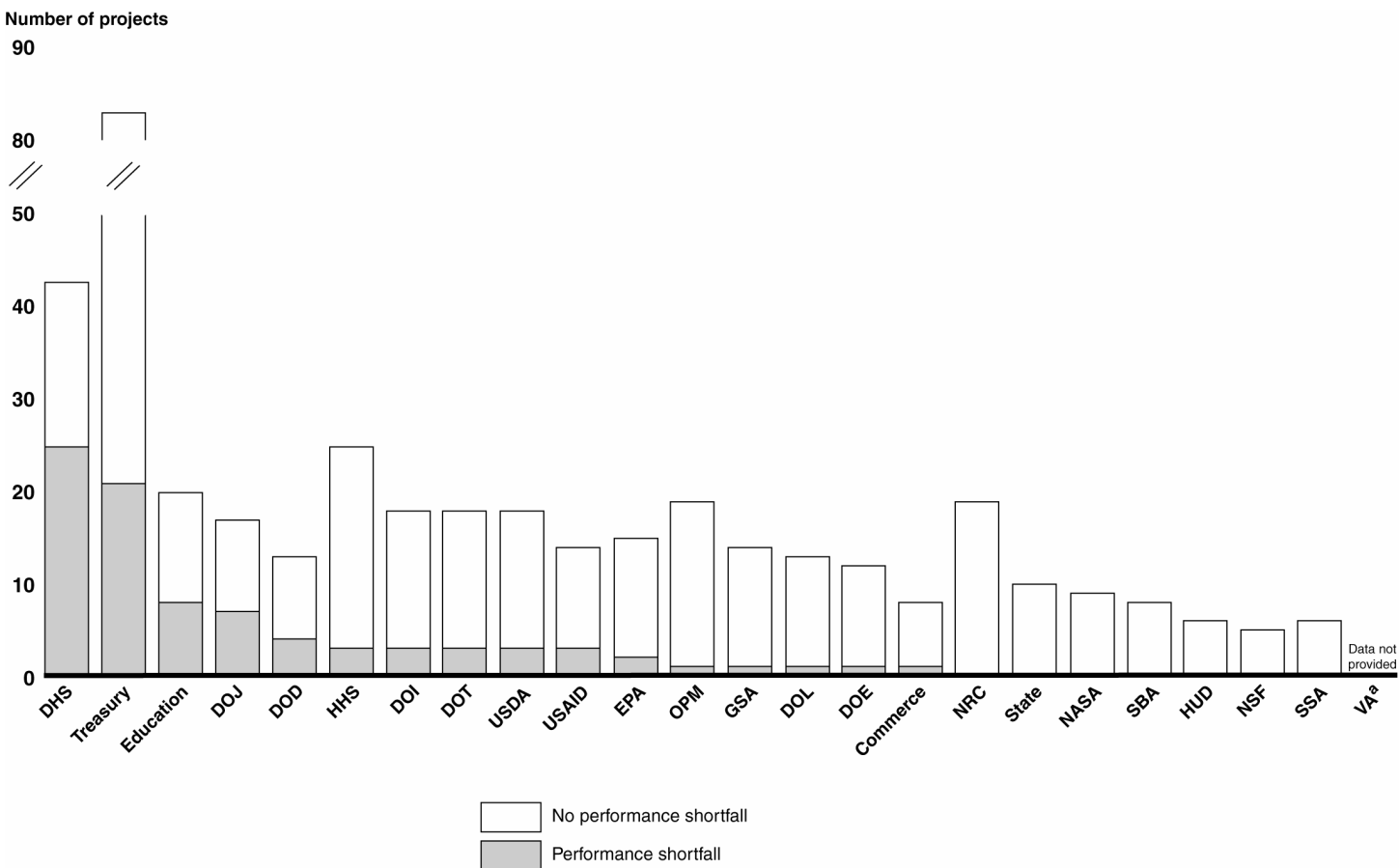
^cThese number and dollar figures are from June 2008.

^dThese number and dollar figures do not include the Department of Veterans Affairs.

The majority of projects were not reported to have had performance shortfalls. Further, seven agencies—the Department of Housing and Urban Development, the Department of State, the National Aeronautics and Space Administration, the Nuclear Regulatory Commission, the National Science Foundation, the Small Business Administration, and the Social Security Administration—reported that none of their high-risk projects

experienced any performance shortfalls. Figure 3 illustrates the number of high-risk projects by agency as of June 2008, with and without shortfalls.

Figure 3: Number of Agencies' High-Risk Projects with and without Performance Shortfalls (as of June 2008)



Source: GAO analysis of agency data.

*The Department of Veterans Affairs has not yet provided its June 2008 high risk report to GAO.

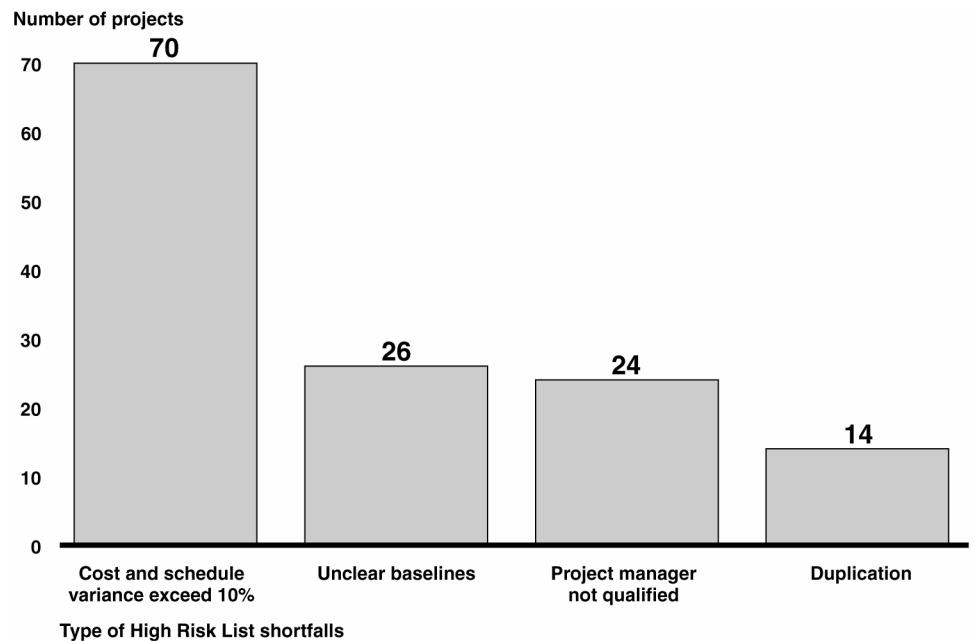
Note: One project can have multiple shortfalls.

Note: Department of Homeland Security (DHS); Department of Veterans Affairs (VA); Department of Transportation (DOT); U.S. Agency for International Development (USAID); Social Security Administration (SSA); General Services Administration (GSA); Department of Agriculture (USDA); Small Business Administration (SBA); Department of Defense (DOD); Environmental Protection Agency (EPA); Nuclear Regulatory Commission (NRC); Office of Personnel Management (OPM); Department of Health and Human Services (HHS); Department of Justice (DOJ); National Aeronautics and Space Administration (NASA); National Science Foundation (NSF); Department of Housing and Urban Development (HUD); Department of Energy (DOE); Department of Labor (DOL); Department of the Interior (DOI)

Agencies reported cost and schedule variances that exceeded 10 percent as the most common shortfall. This is consistent with what they reported about a year ago, and the distribution of shortfall types is similar to that of last year. Figure 4 illustrates the reported number and type of performance

shortfalls associated with high-risk projects, and appendix III provides additional details of the shortfalls associated with each of the poorly performing projects.

Figure 4: Reported Performance Shortfalls of 87 Projects (as of June 2008)




Source: GAO analysis of agency data.

Seventeen high-risk projects have experienced performance shortfalls for the past four quarters (see figure 5).

Figure 5: High-Risk Projects with Shortfalls in the Last 4 Quarters Sorted by Funding

Agency	Project name	Fiscal year 2009 request (in millions)	2005		2006				2007				2008		
			Sept	Dec	Mar	June	Sept	Dec	Mar	June	Sept	Dec	Mar	June	
DHS	Infrastructure	1,461													
DOT	Telecommunications Infrastructure	188													
DHS	Secure Border Initiative net Technology Program	157													
DOJ	Unified Financial Management System	123													
DOT	Traffic flow Management	114													
DHS	Secure Flight	83													
DHS	Nationwide Automatic Identification System	38													
EPA	Financial Management Line of Business - Migration	31													
DHS	Transportation Worker Identification Credentialing	27													
DHS	Crew Vetting	21													
DHS	Homeland Security Information Network	21													
DHS	eNEMIS	13													
DOI	IMARS	12													
DOI	Minerals Management Service - OCS Connect	6													
HHS	Federal Health Architecture	4													
DHS	National Protection and Programs Directorate Information Systems Security Line of Business	3													
USAID	E-Authentication	NA													

 Quarter in which the project had shortfall(s)

NA Not available: financial data on project was not found in OMB's *Report on IT Spending for Fiscal Years 2007, 2008, and 2009*.

Source: GAO analysis of agency data.

Note: Department of Homeland Security (DHS); Department of Transportation (DOT) Department of Justice (DOJ); Environmental Protection Agency (EPA); Department of the Interior (DOI); Department of Health and Human Services (HHS); U.S. Agency for International Development (USAID).

Of these projects, two projects have had shortfalls since the list of high-risk projects was established in September 2005:

- DHS's Customs and Border Patrol *Secure Border Initiative Network Technology Program*, which is expected to provide on-scene agents near real-time information on attempted border crossings by illegal aliens, terrorists, or smugglers.
- DHS's Transportation Security Administration *Transportation Worker Identification Credentialing*, which is to establish a system-wide common secure biometric credential, used by all transportation modes,

for personnel requiring unescorted physical and/or logical access to secure areas of the transportation system.

Several Projects Are Both Poorly Planned and Poorly Performing

As of July 2008, 26 projects are on both the Management Watch List and list of high-risk projects with shortfalls, meaning that they are both poorly planned and poorly performing. They total about \$3 billion in estimated expenditures for fiscal year 2009. This is an increase of 5 projects but a decrease of \$1.1 billion from when we reported last year. These projects are listed in table 5 below. (The project names were taken from OMB's Management Watch List released in July 2008 and matched to those in agencies' June 2008 quarterly high-risk reports.)

Table 5: Projects on Both the Management Watch List and the High Risk List with Shortfalls

Agency	Investment Name	Fiscal year 2009 request
Department of Homeland Security	NPPD IICP	15
	Computer Emergency Readiness Team	109
	Transformation & Systems Consolidation	19
	Science and Technology Disaster Management E-Gov	13
	Infrastructure	1,461
	Homeland Secure Data Network	48
	USCIS- Transformation	71
	Immigration - CLAIMS 3.0	11
	Federal Financial Management System	30
	Secure Border Initiative net Technology Program	157
	Crew Vetting	21
	FAMS Air to Ground Communications & Tactical Information Sharing	13
	Vessel Logistics System	4
	Marine Information for Safety and law Enforcement	13
	NPPD Information Systems Security Line of Business	3
Department of the Interior	eNEMIS	13
	IMARS	12
	ePlanning	1
Department of Education	Minerals Management Service - OCS Connect	6
	Common Origination and Disbursement	45
	ADvance (Aid Delivery)	69

Agency	Investment Name	Fiscal year 2009 request
Department of Health and Human Services	Federal Health Architecture	4
	Commissioned Corps Force Management Solution	4
Department of the Treasury	Treasury-Wide Enterprise Content Management Services	28
Department of Agriculture	Consolidated Infrastructure, Office Automation and Telecommunications	872
	National Animal Identification System	5

Source: GAO Analysis of OMB and agency data.

Steps Have Been Taken to Improve the Identification of Management Watch List and High Risk Projects, but Projects Totaling Billions of Dollars Still Require Oversight

OMB has taken steps to improve the identification of the Management Watch List and high-risk projects since we testified last September, including publicly disclosing reasons for placement on the Management Watch List, and clarifying high-risk project criteria, however, more needs to be done by both OMB and the agencies to fully address recommendations we have previously made to improve the planning, management, and oversight of the poorly planned and poorly performing projects so that potentially billions in taxpayer dollars are not wasted.

Management Watch List: In order for OMB to take advantage of the potential benefits of using the Management Watch List as a tool for analyzing and following up on IT investments on a governmentwide basis, in 2005 we recommended that the agency take the following four actions:¹⁷ (1) develop a central list of Management Watch List projects and their deficiencies; (2) use the list as the basis for selecting projects for follow-up and for tracking follow-up activities (including developing specific criteria for prioritizing the IT projects included on the list, taking into consideration such factors as their relative potential financial and program benefits, as well as potential risks); (3) analyze the prioritized list to develop governmentwide and agency assessments of the progress and risks of IT investments, identifying opportunities for continued improvement; and (4) report to Congress on progress made in addressing risks of major IT investments and management areas needing attention.

OMB has taken steps to address our recommendations for developing a central list of projects and their deficiencies and developing

¹⁷GAO-05-276

governmentwide and agency assessments. Specifically, as previously noted, OMB started issuing a central list of Management Watch List projects in September 2006, and publicly disclosing these projects' deficiencies (i.e., the reasons for inclusion on the Management Watch List) in April. In addition, OMB performed governmentwide and agency-specific analyses of projects' deficiencies in April and in July of this year, which it reported to Congress and disclosed publicly. However, OMB needs to continue to use the Management Watch List to prioritize the projects needing follow-up action and to keep reporting to Congress on management areas needing attention.

High-Risk Projects: To improve the identification and oversight of the high-risk projects, in 2006 we recommended, among other things, that OMB establish a structured, consistent process to update the list of high-risk projects on a regular basis, including identifying new projects and removing previous ones to ensure that the list is current and complete.¹⁸ We also recommended that OMB develop a single aggregate list of high-risk projects and their deficiencies and use that list to report to Congress progress made in correcting high-risk problems, actions under way, and further actions that may be needed.

OMB took several steps to address these recommendations. As previously noted, the agency clarified the high-risk project criteria this year. It also asked agencies to identify, in their quarterly reports, reasons for placement on the list and reasons for removal, thereby adding structure and consistency to the process for updating the list. In addition, as previously reported, OMB also started publicly releasing aggregate lists of the high-risk projects in September 2006, and has been releasing them on their website on a quarterly basis since then. However, OMB has yet to identify the deficiencies (i.e., performance shortfalls) associated with the high-risk projects as we have done in this report (see appendix III). As we have stated before, doing so would allow OMB and others to better analyze the reasons projects are poorly performing, take corrective actions, and track these projects on a governmentwide basis. Such information would also help to highlight progress made by agencies or

¹⁸ [GAO-06-647](#)

projects, identify management issues that transcend individual agencies, and highlight the root causes of governmentwide issues and trends.

In addition, as noted earlier, our prior reviews of federal IT management practices have identified (and continue to identify) weaknesses at agencies that have yet to be addressed. While these agencies have taken action to address the many recommendations we have made to improve their practices, more needs to be done as evidenced by the large number of projects that are still poorly planned and poorly performing.

While the actions taken have resulted in better data on the poorly planned and performing projects, additional steps need to be taken by both OMB and the agencies to address recommendations we have previously made to improve the planning, management, and oversight of these projects. These steps include using the Management Watch List to prioritize follow up activities. Until these additional steps are taken, potentially billion of taxpayer dollars are at risk of being wasted.

About Half of Major IT Projects Have Been Rebaselined Using Policies that Are Not Fully Consistent with Best Practices

Given that cost and schedule variances are the primary reason for poorly performing projects, having accurate and transparent cost and schedule information is essential to effective oversight. In a report being released today, we estimate that about 48 percent¹⁹ of the federal government's major IT projects have been rebaselined. Of those rebaselined projects, 51 percent were rebaselined at least twice, and about 11 percent were rebaselined 4 times or more.²⁰ These projects were rebaselined for several reasons, including changes in project goals and changes in funding. While the major agencies have all established rebaselining policies, these policies are not comprehensive. Specifically, none of the policies are fully consistent with best practices, including describing a process for developing a new baseline and requiring the validation of the new baseline, identified in our cost assessment guide. Agencies' policies vary in part because OMB has not issued guidance specifying what elements these policies are to include.

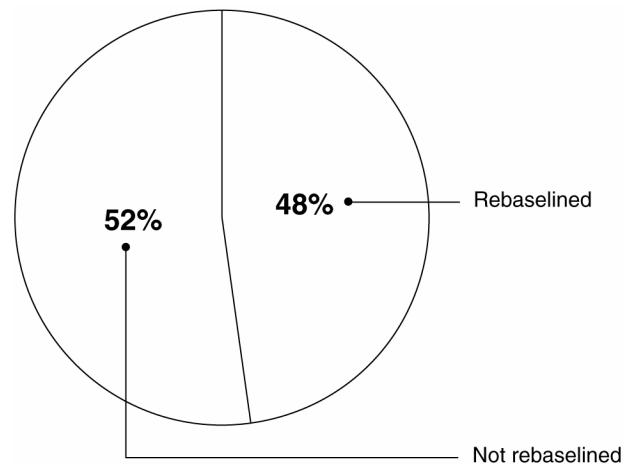
¹⁹All percentage estimates based on our survey have 95 percent confidence intervals that are within +/- 11 percentage points of the estimate itself.

²⁰We surveyed the managers of a random sample of 180 projects selected from the 778 major IT projects the 24 major agencies plan to invest in during fiscal year 2008.

About Half of IT Projects Were Rebaselined for Several Reasons

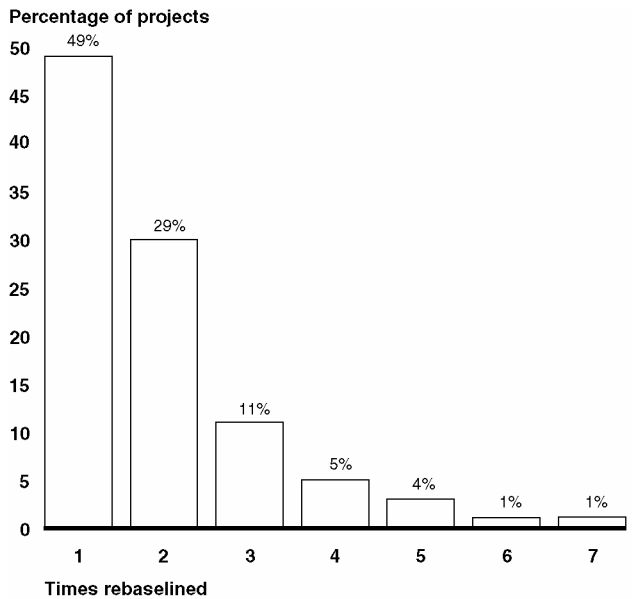
In our report we project that 48 percent of the major projects federal agencies plan to fund in fiscal year 2008 have been rebaselined, and about half of those have been rebaselined at least twice. Figure 6 summarizes the percentage of projects rebaselined and figure 7 summarizes the estimated frequencies of the number of times rebaselined major IT projects were rebaselined.

Figure 6: Estimated Percentage of Major FY2008 Funded IT Projects Rebaselined



Source: GAO survey of major IT projects.

Figure 7: Estimated Frequency of the Number of Times Rebaselined Projects Were Rebaselined



Source: GAO survey of major IT projects.

Table 6 lists the nine projects in our sample that agencies reported having been rebaselined four or more times.²¹

Table 6: Projects Rebaselined Four or More Times

Department	Project	Number of times rebaselined
Department of Defense	Advanced Field Artillery Tactical Data System	4
Department of Energy	Licensing Support Network	4
Department of Homeland Security	Coast Guard Rescue 21	4
Department of Housing and Urban Development	Integrated Human Resources and Training System	4

²¹This lists only the projects in our sample that have been rebaselined at least four times. Additional projects in the full population of 778 major IT projects may also have been rebaselined at least four times.

Department	Project	Number of times rebaselined
U.S. Department of Agriculture	Program Fund Control System	5
Department of Commerce	Patent and Trade Office Revenue and Account Management System	5
Department of Commerce	Commerce Business Environment	5
Department of Veterans Affairs	Health Admin Center IT Operations	6
Department of Housing and Urban Development	Tenant Rental Assistance Certification System	7

Source: GAO analysis of agency survey responses.

Agency officials reported that the key reasons for the most recent rebaselining were changes in project requirements, objectives, or scope, and changes in funding stream. Table 7 shows the estimated frequencies of each of these reasons.

Table 7: Estimated Frequency of Reasons for the Most Recent Rebaselining of Projects

Category of reasons	Percentage of times reported
Change in project requirements, objectives, or scope	55%
Change in funding stream	44%
Original baseline was inaccurate	14%
Cost or schedule overruns due to project performance	4%
Cost or schedule overruns due to contractor performance	4%
Other	41%

Source: GAO analysis of agency survey responses.

Note: Percentages do not total 100 percent because multiple reasons could be provided for rebaselining projects.

Several rebaselined projects we have performed detailed reviews of have experienced significant cost or schedule changes. For example, the U.S. Coast Guard's *Rescue 21* program is projected to have cost increases of 184 percent and schedule delays of 5 years after rebaselining. Table 8 provides additional examples of projects we have reviewed that experienced significant cost or schedule changes.

Table 8: Rebaselined Projects' Cost and Schedule Changes (dollars in millions)

Project	Original cost	Cost after rebaseline(s)	Dollar change	Percent change	Original completion date	Completion date after rebaseline	Delay
National Polar-orbiting Operational Environmental Satellite System ^a	\$ 7000	\$ 12500	\$ 5500	79%	2018	2026	8 years
Navy Enterprise Resource Planning	\$ 1993	\$ 2445	\$ 452	23%	Jun. 2011	Aug. 2013	2.2 years
FAA Standard Terminal Automation Replacement System	\$ 940	\$ 2770	\$1830	195%	Oct. 2005	Dec. 2007	2.2 years
FAA Wide Area Augmentation System	\$1001	\$3340	\$2339	234%	Aug. 1999	Dec. 2008	9.3 years
US Coast Guard Rescue 21	\$250	\$711	\$461	184%	2006	2011	5 years

Source: GAO reports and agency data.

^aOnly a portion of this program's costs are included in the federal government's \$70 billion estimated IT expenditures for fiscal year 2008. The rest is not considered to be an IT investment.

Agencies' Rebaselining Policies Are Not Comprehensive

We are also reporting that, although the 24 major agencies have rebaselined about half of their major IT projects that they planned to invest in during fiscal year 2008, they have not been guided by comprehensive rebaselining policies. Specifically, while major agencies have all established rebaselining policies, none of the policies are fully consistent with best practices such as *describing a process for developing a new baseline*.

Our recently issued draft *Cost Assessment Guide*²² includes five practices that are relevant to rebaselining policies:

1. *Describe reasons when a rebaseline is warranted.* A rebaselining policy should require valid reasons for rebaselining such as that the baseline is no longer useful as a management tool (e.g., cost/schedule

²²[GAO-07-1134SP](#).

variances are so high that they lose meaning; program scope has significantly changed).

2. *Describe the process for developing a new baseline.* A rebaselining policy should describe the development of a new cost estimate and a new project plan that details the scope of the remaining work along with schedule and resource allocation.
3. *Require validating the new baseline.* A rebaselining policy should identify who can validate the new baseline and how the validation is to be done.
4. *Require management review.* A rebaselining policy should identify the authority who decides whether the rebaselining is warranted and the rebaselining plan is acceptable. In addition, the policy should outline decision criteria used by the decision authority to determine if the rebaseline plan is acceptable.
5. *Require that the process is documented.* A rebaselining policy should identify and document rebaselining decisions, including the reasons for rebaselining; changes to the approved baseline cost, schedule, and scope; management review of the rebaseline request; and approval of new baseline. The policy should also require an explanation of why the current plan is no longer feasible; identify the problems that led to the need for a new plan of the remaining work; and discuss measures in place to prevent recurrence.

Our analysis shows that agencies do not have comprehensive rebaselining policies. Specifically, none of the agencies' rebaselining policies are fully consistent with all of the five practices mentioned above. Most policies fully or partially addressed reasons for rebaselining, requiring management review, and requiring that the rebaselining process be documented (79 percent, 96 percent, and 88 percent, respectively), while describing the process for developing the new baseline and requiring validation of the new baseline were addressed the least (46 percent and 54 percent of the policies, respectively, did not address these practices). Table 9 summarizes our assessment of agencies' rebaselining policies.

Table 9: Summary of Rebaselining Policy Assessment

Practice	Extent to Which Policy Addressed Best Practices		
	Number (and percent) of policies that fully addressed the practice	Number (and percent) of policies that partially addressed the practice	Number (and percent) of policies that did not address the practice
Describe reasons when a rebaseline is warranted	14 (58%)	5 (21%)	5 (21%)
Describe process for developing a new baseline	0 (0%)	13 (54%)	11 (46%)
Require validating the new baseline	5 (21%)	6 (25%)	13 (54%)
Require management review	9 (38%)	14 (58%)	1 (4%)
Require that the process is documented	6 (25%)	15 (63%)	3 (13%)

Source: GAO analysis of agencies' rebaselining policies.

Agencies' policies vary in part because no guidance has been issued specifying what elements these policies are to include. As previously noted, OMB has issued guidance which, among other things, requires baseline change requests to be approved by the agency heads and to be submitted to OMB for approval. However, this guidance does not specifically address how agencies are to implement their rebaselining activities, including the key elements that should be addressed in their policies. In addition, officials from OMB's Office of E-government and Information Technology and the Acting Chief of OMB's Information Policy and Technology Branch told us that, in their oversight function, they review agencies' earned value management policies, and in doing so determine whether these policies address rebaselining. However, they noted that they have not established specific criteria to evaluate the earned value management policies (and therefore their rebaselining aspects) and acknowledged that having such criteria would improve consistency among the policies and facilitate their oversight process. Without comprehensive policies to guide their rebaselining activities, agencies may not be optimizing the effectiveness of rebaselining as a tool to improve performance management. In addition, their rebaselining processes may lack the transparency needed to ensure effective oversight.

To address the weaknesses identified with agencies' rebaselining policies, we made recommendations to the Director of OMB and to the 24 major agencies. Specifically, we recommended that

-
- the Director of OMB issue guidance for rebaselining policies that would include a minimum set of key elements, taking into consideration the criteria used in our report, and
 - each of the heads of the 24 major agencies direct the development of comprehensive rebaselining policies that address the weaknesses we identified.

We received comments on a draft of our report from 20 of the major agencies—4 of which stated that they had no comments. Of the remaining 16 agencies, 10 generally agreed with our findings and/or recommendations, and 6 disagreed with our assessment of certain practices associated with their rebaselining policies.

In summary, effective management and oversight of federal IT projects remains a crucial task for OMB and executive branch agencies. Hundreds of projects, amounting to billions of dollars in expenditures, have been identified as poorly managed, poorly performing, or both. While OMB has taken steps to improve the identification of poorly managed and poorly performing projects, more needs to be done to improve management and oversight, as evidenced by the number of recurring Management Watch List projects and the surge of these projects at the beginning of every fiscal year.

In addition, without sound policies guiding agencies' rebaselining efforts, changes to projects' cost and schedule goals are not as transparent as desired and may in fact mask cost overruns and schedule delays. Having sound rebaselining guidance from OMB and more diligent oversight of rebaselining efforts from federal agencies will result in more accurate information on cost and schedule performance shortfalls and provide the necessary transparency to agency officials, OMB, and other oversight organizations. As we transition to a new administration, it is essential to maintain the current momentum of identifying troubled projects and the reasons they are poorly planned and/or performing and to continue to focus attention more keenly on solutions and long-term improvement efforts.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions at this time.

Appendix I: GAO Contact and Staff Acknowledgements

If you should have any questions about this testimony, please contact me at (202) 512-9286 or by e-mail at pownerd@gao.gov. Individuals who made key contributions to this testimony are Sabine Paul, Assistant Director; Neil Doherty; Lee McCracken; Kevin Walsh and Eric Winter.

Appendix II: Management Watch List Projects

The following provides additional detail on the investments comprising OMB's Management Watch List as of July 2008. The project names were taken from OMB's Management Watch List released earlier this month and matched to the list of projects in OMB's *Report on IT Spending for Fiscal Years 2007, 2008, and 2009* to derive the requested amounts for fiscal year 2009.

Table 10: Management Watch List Projects by Agency

Agency	Project name	Fiscal year 2009 request (in millions)
Department of Agriculture	Conservation Program Delivery	11.11
	Multi-Family Management	5.355
	Program Funds Control System	6.267
	Store Tracking and Redemption System	5.24
	Natural Resource Information, Inventory, & Assessment	19.39
	Guaranteed	16.674
	Integrated Program Accounting System	3.24
	USDA Forest Service Automated Timber Sales Accounting	1.289
	Water and Climate Information System	2.392
	Corporate Financial Management Systems	59.559
	Legacy Payroll/Personnel System	10.601
	Consolidated General Sales Manager	2.378
	Consolidated Farm Loan Program Information and Delivery System #103	12.541
	Natural Resource Manager	33.909
	Corporate Property Automated Information System	2.153
	USDA Identity And Access Management	20.757
	Consolidated Financial Management Information Systems	7.94
	Processed Commodities Inventory Management System	8.27
	Commerical	7.887
	Forest Service National Financial Applications	5.363
	Resource Ordering and Status System	11.126
	Fire Program Analysis System - Phase 2	2.202
	Human Resources Line of Business: Service Center	53.851
	Integrated Acquisition System	17.485
	Wide Consolidated Infrastructure, Office Automation, and Telecommunications	871.714
	National Animal Identification System	4.627
	Public Health Information Consolidation Projects	4.65
	RMA-01 Financial Management Systems	1.914

Agency	Project name	Fiscal year 2009 request (in millions)
	Consumer	13.489
	NASS Survey Processing System	4.202
	Corporate Insurance Information System	6.487
	APHIS Comprehensive Electronic Permit System	3.132
	Geographic Information System 0084	14.777
	Farm Program Modernization	134.155
	Web Based Supply Chain Management	21.646
	RMA-13 Emerging Information Technology Architecture - Electronic Written Agreement Project	8.757
	Financial Management Modernization Initiative	46.237
Department of Commerce	Economic Census and Surveys	61.941
	American Community Survey	34.07
	BEA Estimation Information Technology System	10.156
	NIST-wide Grant Management Information System	1.25
	Demographic Surveys Statistical IT Support	14.601
	Geographic Support Systems	24.089
	ITA International Trade Process Streamlining	0.76
	NPOESS Data Exploitation	2.455
	Satellite Operations Control Center Command and Data Acquisition	37.938
	Field Support Systems	40.618
	The Longitudinal Employer-Household Dynamics Program	5.69
	Advanced Weather Interactive Processing System	57.129
	Next Generation Weather Radar System Product Improvement	8.376
	Next Generation Weather Radar Operations and Maintenance	8.654
	COOP Historical Climate Network - Modernization	3.734
	NWS Dissemination Systems	5.838
	NOAA National Data Centers	77.71
	GOES Ground System	19.744
	Office of Satellite Data Processing and Distribution Systems Critical Infrastructure Protection	2.772
	Environmental Satellite Processing Center	26.657
	USPTO Consolidated Financial System	24.987
	Commerce Business Environment	3.97
	MAF/TIGER Enhancements	18.344
	Search and Rescue Satellite-Aided Tracking	3.605
	Nautical Charting System	3.879

Agency	Project name	Fiscal year 2009 request (in millions)
	PORTS & NWLON	5.367
	NPOESS Ground System	47.115
	GOES-R Series Ground Segment	68.939
	Data Access and Dissemination System	48.767
	BIS Legacy Export Control	2.475
	NOAA Non-Core CBS Financial Management System	0.999
	National Weather Service Telecommunication Gateway System (Legacy, Replacement, and CIP)	21.058
	NOAA Weather Radio All Hazards Weather Network) a.k.a. All Hazards Emergency Message Collection System	0.75
	National Air Quality Forecast Capability	6.46
	NWS Office of Hydrologic Development	4.501
	NWS Regions & Field	21.9
	National Integrated Drought Information System Implementation	3.8
	NCEP Weather and Climate Operational Supercomputer Systems (WCOSS Primary and Backup)	22.369
	NCEP Weather and Climate Computing Infrastructure Services	30.708
	NOAA R&D High Performance Computing System	26.524
	NOAA Grants On-line	1.496
	USPTO Revenue Accounting and Management System	7.361
	USPTO Patent File Wrapper Program	17.887
	Commerce Business Systems (formerly Commerce Administrative Management System)	39.313
	Department of Commerce Consolidated IT Infrastructure	432.269
	EDA Operations Planning and Control System and Loan Billing and Management System	0.66
	BIS ECASS2000+	5.316
	OCIO Financial Management IT Operations	8.13
	NWS/ Weather Radio Improvement Project	5.74
	Comprehensive Large Array-data Stewardship System	8.966
	NOAA Research Scientific Computing Support	19.204
	Geodetic Support System	1.815
	POES Ground System	15.274
	USPTO Business Continuity and Disaster Recovery Program	6.421
	NIST Central IT Support for Science	8.737
	Radio Spectrum Management: Federal Spectrum Management System	3.074
	NDBC Ocean Observing System of Systems	7.125
	Decennial 2010 Systems Design and Integration, and Decennial 2010 Testing and Evaluation	604.159
	BIS ECASS Modernization	0.357

Agency	Project name	Fiscal year 2009 request (in millions)
	USPTO First Action System for Trademarks	1.891
	Automated Surface Observing System Operations and Maintenance	2.95
Department of Defense	Logistics Modernization Program	199.142
	DeCA Enterprise Business System	30.293
	Integrated Data Environment/Global Transportation Network Convergence	38.018
	Global Combat Support System - Marine Corps	52.488
	Warfighter Information Network-Tactical	616.028
	Global Combat Support System - Army	139.149
	Defense Enrollment Eligibility Reporting System	146.218
	General Fund Enterprise Business System	130.458
	Advanced Field Artillery Tactical Data System	51.988
	FORCE XXI Battle Command Brigade And Below	297.234
	GUARDNET XXI, The Army National Guard's Wide Area Network	74.059
	Mounted Battle Command on the Move Program	37.697
	Transportation Coordinators' Automated Information For Movements System II	69.879
	Expeditionary Combat Support System	275.227
	Mission Planning Systems	214.151
	Integrated Strategic Planning And Analysis Network	67.192
	Minimum Essential Emergency Communications Network	82.47
	Battle Control System - Mobile	194.972
	Global Combat Support System - Air Force	76.088
	Defense Medical Human Resource System Internet	27.061
	Defense Integrated Military Human Resources System	63.37
	Standard Procurement System	22.225
	Global Decision Support System	42.926
	DOD TELEPORT	32.666
	Net-Enabled Command Capability	0
	Protect Information - Public Key Infrastructure	42.329
	Navy Enterprise Resource Planning	177.116
	Common Aviation Command And Control System	76.722
	Navy Marine Corps Intranet	1609.615
	US Mepcom Integrated Resource System	65.51
	Installation Information Infrastructure Modernization Program	233.303
	Global Command And Control System - Army	34.842
	Combat Information Transport System	341.706

Agency	Project name	Fiscal year 2009 request (in millions)
	Battle Control System Fixed	65.911
	Cheyenne Mountain Complex/Tactical Warning - Attack Assessment	90.977
	Commissary Advanced Resale Transaction System	15.49
	Military Computer-Based Patient Record (includes Inits 0049, 0379, and 0435)	0
	Executive Information/Decision Support	66.37
	Defense Message System	67.896
	Defense Information System Network	1518.426
	Global Combat Support System-COCOM-JTF	39.224
	Joint Precision Approach And Landing System	99.929
	Global Command And Control System - Maritime	85.214
	JTRS - Airborne, Maritime And Fixed Radios	204.454
	Deployable Joint Command And Control	34.632
	Future Combat Systems-Advanced Collaborative Environment	22.565
	Distributed Learning System	62.19
	Maneuver Control System	161.517
	Defense Enterprise Accounting and Management System-Air Force	59.968
	Air and Space Operations Center - Weapon System	288.144
	Theater Battle Management Core System	70.27
	Defense Medical Logistics Standard Support	56.531
	Global Command And Control System- Joint	137.458
	Theater Medical Information Program-Joint	66.287
	Net Centric Enterprise Services	127.091
	JTRS - Handheld, Manpack, And Small Form Fit Radios	164.766
	JTRS - Network Enterprise Domain	244.165
	Defense Enterprise Accounting And Management System	11.746
	Future Business System	32.067
	Defense Travel System	27.417
	Key Management Infrastructure	49.578
	JTRS - Ground Mobile Radios	196.32
	Defense Information System For Security	31.9
Department of Education	Federal Student Aid Financial Management System	10.187
	E-Authentication	3.163
	Common Services for Borrowers-Legacy	184.714
	Information Assurance	8.637
	Enterprise Portal	5.155
	National Student Loan Data System	9.85

Agency	Project name	Fiscal year 2009 request (in millions)
	ED Web	5.686
	Common Origination and Disbursement	45.307
	Virtual Data Center	24.308
	ADvance - Aid Delivery	69.326
	ADvance - Person Data Management Program	23.01
Department of Health and Human Services	HHS Consolidated Acquisition Solution	9.534
	IHS Resource and Patient Management System - Maintenance & Enhancements	73.678
	National Select Agent Registry (formerly SATERIS)	7.488
	Electronic Research Administration	39.699
	CMS Integrated Data Repository	7.485
	Consolidated Infrastructure	111.551
	Medicaid Data Systems	7.552
	Data Management Operations - Claims	15.737
	OS ASAM IT Service Center	57.594
	Information and Computer Technologies for the 21st Century	19.233
	CMS Drug Claims	22.333
	CMS IT Infrastructure	259.084
	ACF GrantSolutions.gov / Grants Administration Tracking Evaluation System - Grants Center for Excellence	4.964
	OS OPHS Commissioned Corps Force Management Solution	4
	HHS Asset - Property Management Information System	1.337
	HHS HR LOB IT	0
	Information Technology Infrastructure	76.1
	Interoperability & Standardization - Provider ID	4.27
	Federal Health Architecture	3.662
	NIH Business System	25.06
	CMS Modernized IT Infrastructure	11.25
	CMS ICD-10 Initiative	17.15
	OS ASAM Payment Management System	7.03
	OS ASAM Debt Management and Collection System	5.728
	OS ONC Prototype Nationwide Health Information Network Architectures	19.127
	NIH IT Infrastructure	282.496
	AHRQ Medical Expenditures Panel Survey	21.587
	OS ASAM Accounting for Pay System	2.267
	IHS Infrastructure, Office Automation, & Telecommunications	19.146

Agency	Project name	Fiscal year 2009 request (in millions)	
Department of Homeland Security	ICE - Federal Financial Management System	30.379	
	FAMS Air to Ground Communications System and Tactical Information Sharing System	12.8	
	NPPD - Information Systems Security Line of Business	2.577	
	USCIS - Immigration - CLAIMS 3.0	11.176	
	CBP - Advance Passenger Information System	7.94	
	DNDO - Joint Analysis Center	8.923	
	USCIS - Transformation	71	
	USCIS - Naturalization - CLAIMS 4.0	18.271	
	Secure Border Initiative net: Command, Control, Communications & Intelligent Systems	157	
	Crew Vetting	20.925	
	Vessel Logistics System	3.93	
	Marine Information for Safety and Law Enforcement	13.144	
	Integrated Common Analytical Viewer	4.864	
	FEMA - Disaster Management E-Government Initiative	12.714	
	DHS - Homeland Secure Data Network	47.673	
	DHS - Infrastructure	1461.074	
	Rescue 21	126.65	
	Integrated Deepwater System	14.4	
	FEMA - eNEMIS	12.688	
	CBP - Traveler Enforcement Compliance System - Modernization	65.7	
	ICE - Detention and Removal Modernization	13.372	
	Integrated Deepwater Systems	92.1	
	NPPD - IICP - Infrastructure Information Collection Program	14.643	
	DHS - Financial Transformation & Systems Consolidation	19.2	
	USCIS - Integrated Document Production	31.855	
	NBIS National Bio-Surveillance Integration System	3.125	
	NPPD - US-CERT	109.154	
	CBP - Non-Intrusive Inspection Systems Program	159.371	
	Department of the Interior	USGS - Landsat Data Continuity Mission	24.15
		OS - OHTA Account Reconciliation Tool	3.135
		DOI - Advanced Budget/Accounting Control and Information System	0.685
USGS - Landsat		16	
BIA - Integrated Records Management System		2.67	
DOI - Consolidated Financial Statement System	0.765		

Agency	Project name	Fiscal year 2009 request (in millions)
	Minerals Revenue Management Support System	21.278
	USGS - National Water Information System	7.46
	BIA - LOMAS - Loan Management and Accounting System	0.3
	E-DOI - Geospatial One-Stop	1.65
	DOI - Capstone Facility Management System	9.625
	OSM - Abandoned Mine Land Inventory System	0.175
	USGS - The National Map Reengineering Project	4.829
	National Fee Collection Point of Sale System	0.93
	BIE - Native American Student Information System	2.468
	DOI - Federal Financial System	26.448
	DOI - Financial and Business Management System	92.705
	E-DOI - NBC FMLoB Shared Service Provider	0
	E-DOI - NBC Shared Service Center	21.001
	BLM-National Integrated Land System	2.943
	BLM-Incident Qualifications and Certification System	1.337
	OSM - Applicant Violator System	0.256
	OSM - Coal Fee Collection Management System	0.404
	BOR1-PABS (Program and Budget System)	1.042
	BOR1-CDW (Corporate Data Warehouse)	0.658
	BOR1-RMSS (Reclamation Mission Support System)	42.158
	USGS - Enterprise Web	2.338
	BIA - Trust Asset Accounting Management System	6.076
	BIA - Facilities Management Information System	1.5
	BLM-Collections and Billings System	2.06
	DOI - Interior Department Electronic Acquisition System	5.019
	BLM-Legacy Rehost	1.84
	BLM-Automated Fluid Mineral Support System	1.599
	BLM-IT Support for Resources and Mineral Land Use Planning	0.55
	MMS - OCS Connect	5.647
	USGS - National Biological Information Infrastructure	4.207
	USGS - Advanced National Seismic System	8
	NPS -NPS.gov Internet/Intranet Portal: Infrastructure - Public Web Services	2.86
	E-DOI - Geospatial Line of Business	0.372
	National Fire Plan Operations and Reporting System	0.525
	FWS - Federal Aid Information Management System	2.409
	E-DOI - Recreation	0.2

Agency	Project name	Fiscal year 2009 request (in millions)
	BIA - National Irrigation Information Management System	2.195
	OST - Trust Funds Accounting System	14.7
	DOI - Incident Management, Analysis, and Reporting System	11.779
	DOI - Consolidated Infrastructure, Automation, Telecomm	495.843
	BOR1-CVACS (Central Valley Automated Control System)	1.371
	BOR1-HSCADA (Hoover Supervisory Control and Data Acquisition System)	0.826
	BOR1-GCPO SCADA (Grand Coulee Power Office Supervisory Control and Data Acquisition System)	4.065
	BOR1-CRSP SCADA (Colorado River Storage Project Supervisory Control and Data Acquisition System)	0.623
Department of State	Joint Financial Management System	18.261
Department of Transportation	DOTXX070: DOT IT Combined Infrastructure	232.14
	FAAXX712 - Next Generation Air Transportation System	649.185
Department of the Treasury	Enterprise IT Infrastructure Optimization Initiative	1466.792
	Treasury-Wide Enterprise Content Management Services	28.168
	Consolidated Enterprise Identity Management Project	59.469
	Fiscal Management 09	1.92
Department of Veterans Affairs	Decision Support System	19.217
	VistA Imaging	29.431
	VA-Learning Management System	6.379
	VistA-Application Development	146.301
	One-VA Registration and Eligibility	7.296
	Health Data Repository	28.916
	VistA-Foundations Modernization	115.366
	Virtual VA	18.12
	Benefits Processing and Workflow	2.272
	Enrollment Enhancements	19.687
	Federal Health Information Exchange	6.53
	My HealtheVet	20.467
	USA Staffing	5.129
	VistA-Legacy	360.414
	Pharmacy Re-Engineering and IT Support	19.5
	Enrollment Operations and Maintenance	0.853
	Veterans Benefits Delivery	2.169

Agency	Project name	Fiscal year 2009 request (in millions)
	Benefits Delivery Network Maintenance and Operations	22.426
	e-Payroll	8.039
	VBA Application Migration Program	0
	VA-Wide e-Travel Solution	1.365
	Scheduling Replacement Project	32.609
	VistA Laboratory IS System Reengineering	30.925
	VBA Rules Based Claims Processing	6.288
	Capital Asset Management System	2.801
	One VA Contact Management	7.658
	Health Admin Center IT Operations	21.815
	VETSNET	30.424
	Benefits Support Services	42.719
	Program Integrity/Data Management	12.512
	Revenue Improvements and System Enhancements	5.4
	Personal Identification Verification	17.887
	Medical and Prosthetic Research Operations	24.77
	Document and Correspondence Management System	1.431
	Financial & Logistics Integrated Technology Enterprise	45.05
	Financial Management System	15.506
	IT Infrastructure	1000.813
	Allocation Resource Center	1.392
	Blood Bank	1.961
	Payroll/HR Systems	41.428
Corps of Engineers	ENGLink Interactive	2.81
	Automated Personal Property Management Systems	0.51
	Real Estate Management Information System	3.48
	Corps of Engineers Financial Management System	9.59
	Operations and Maintenance Business Information Link	2.5
	Resident Management System	2.554
	Project Management Information System II	14.3
	Corps Water Management System	1.936
	Consolidated Information Technology Infrastructure/Office Automation/Telecommunications	304.367
	Facilities & Equipment Maintenance System	3.5
Office of Personnel Management	Retirement Systems Modernization	39.94

Agency	Project name	Fiscal year 2009 request (in millions)
Nuclear Regulatory Commission	National Source Tracking System	7.902
	Licensing Support Network	2.501
	Budget Formulation System	0.537
	Secure LAN and Electronic Safe	4.098
	Reactor Program System	1.294
	Incident Response System	3.97
	Enterprise Digital Data Management System	0.081
	Cost Accounting System	0.733
	Core Financial System - Replacement	5.701
	License Fee Billing System	1.904
	Material Licensing Program - Web-Based Licensing	1.285
	Infrastructure Services and Support	67.476
	Time and Labor Legacy	0
	Time and Labor Modernization	1.646
Agency-wide Documents Access and Management System	8.707	

Source: OMB Management Watch List released in July 2008 for project names and OMB's *Report on IT Spending for Fiscal Years 2007, 2008, and 2009* for financial data.

Appendix II: Reasons for Inclusion on the Management Watch List by Agency

Table 11 provides additional detail on the frequency of the reasons for inclusion on the Management Watch List for each agency for the projects remaining on the list as of July 2008. It shows security and cost and schedule performance as being the most common reasons.

Table 11: Frequency of Reasons for Inclusion on the Management Watch List by Agency (as of July 2008)

Agency	President's Management Agenda	Program management	Acquisition strategy	Performance Information	Security	Privacy	Enterprise architecture	Alternative analysis	Risk management	Cost and schedule performance
Department of Agriculture	0	0	0	0	0	2	3	0	0	2
Department of Commerce	0	0	0	0	1	0	0	0	0	5
Corps of Engineers	0	1	1	1	0	0	1	1	1	2
Department of Homeland Security	0	9	9	5	7	4	2	8	0	9
Department of Defense	1	2	1	1	1	2	1	1	3	9
Department of Transportation	0	1	0	1	1	1	0	1	1	1
Department of Education	0	3	4	1	7	3	1	6	1	4
Department of Health and Human Services	5	1	12	1	10	0	0	4	5	9
Nuclear Regulatory Commission	0	1	0	0	13	1	0	0	1	0
Office of Personnel Management	0	0	1	0	1	0	0	1	1	1
Department of State	0	0	0	0	1	1	0	0	0	0
Department of the Treasury	0	0	1	0	3	4	0	1	1	2
Department of Veterans Affairs	1	2	22	2	26	36	0	6	9	40
Total	7	20	51	12	71	54	8	29	23	84

Source: GAO analysis of OMB's July 2008 Management Watch list data.

Appendix III: High-Risk Projects with Shortfalls

Table 12 provides additional detail on the high-risk projects that have performance shortfalls as of June 2008. These shortfalls were identified by agencies in June 2008 high-risk reports. (The Department of Veterans Affairs has not yet provided its report.) The project names were taken from OMB's list of Management Watch List released earlier this month and matched to the list of projects on agencies' June 2008 high-risk reports.

Table 12: High-Risk Projects with Shortfalls by Agency

Agency	Investment name	Fiscal year 2009 request (in millions)	Unclear baselines	Cost and schedule variance exceeding 10%	Project manager not qualified	Duplication
Department of Homeland Security	NPPD IICP	15	X	X	X	
	NPPD- US Cert	109	X		X	X
	DHS Transformation & Systems Consolidation	19			X	
	S&T Disaster Management E-Gov	13		X	X	
	DHS - HR IT	17	X			
	DHS Infrastructure	1,461	X	X		
	DHS - Homeland Secure Data Network	48		X	X	
	A&O Homeland Security Information Network	21	X	X		
	USCIS- Transformation	71	X		X	
	USCIS Immigration - CLAIMS 3.0	11		X		
	ICE Federal Financial Management System	30		X	X	
	CBP Secure Border Initiative net Technology Program	157	X	X		
	Secure Flight	83		X		
	TSA Transportation Worker Identification Credentialing	27		X		
	TSA Crew Vetting	21		X	X	
	TSA- FAMS Air to Ground Communications & Tactical Information Sharing	13		X	X	
	ICE Automation and Modernization	23	X	X		
	USCG-Core Accounting System	13		X		
	USCG- Vessel Logistics System	4			X	
	USCG- Marine Information for Safety and law Enforcement	13		X	X	
	USCG Nationwide Automatic Identification System for MDA	38		X		

Agency	Investment name	Fiscal year 2009 request (in millions)	Unclear baselines	Cost and schedule variance exceeding 10%	Project manager not qualified	Duplication
	NPPD US-VISIT	453		X		
	NPPD Information Systems Security Line of Business	3	X	X	X	X
	FEMA -Integrated Financial Management Information System	3				X
	FEMA eNEMIS	13		X	X	
Department of Commerce	FDCA	221	X	X		
Department of Defense	E-Training	NA	X	X		X
	Recruitment One Stop - Migration	NA	X	X		X
	EHRI - Migration	NA	X	X		X
	E-Training - Legacy System	NA	X	X		X
Department of Energy	EE Corporate Management and Planning System	2		X		
Department of the Interior	DOI - IMARS	12	X	X		
	BLM - ePlanning	1		X		
	MMS - OCS Connect	6		X		
Department of Justice	Unified Financial Management System	123		X		
	SENTINEL	97		X		
	Case Management LOB	NA	X	X	X	X
	E-Travel Migration	NA		X		
	E-Authentication Implementation	NA	X	X	X	X
	EHRI (eOPF conversion)	NA	X	X	X	X
	HR LoB - Legacy System	0	X	X	X	X
Department of Labor	EFAST2	7		X		
Department of Transportation	E-Authentication Migration	NA		X		
	FAAXX705: Traffic flow Management	114		X		
	FAAXX445: FAA Telecommunications Infrastructure	188		X		
Department of Education	ADvance Person Data Management	NA		X		
	Grants Administration Payment System	4			X	
	G5	7		X	X	

Agency	Investment name	Fiscal year 2009 request (in millions)	Unclear baselines	Cost and schedule variance exceeding 10%	Project manager not qualified	Duplication
	Common Origination and Disbursement	45			X	
	Integrated Technical Architecture/ Enterprise Application Integration	8			X	
	Enterprise Information System	0		X	X	
	Integrated Partner Management	10		X		
	ADvance (Aid Delivery)	69		X	X	
Environmental Protection Agency	E-Travel Migration	1		X		
	FM LOB - Migration	31		X		
General Service Administration	HRLOB Migration	NA	X			
Department of Health and Human Services	Federal Health Architecture	4		X		
	FDA MedWatch Plus	12		X		
	OS OPHS Commissioned Corps Force Management Solution	4		X		
Office of Personnel Management	RSM	40	X			
Department of the Treasury	Correspondence Examination Automation Support Major Wintel	8		X		
	Correspondence Imaging System - Major	7		X		
	Counsel Automated Systems Environment	28			X	
	Enterprise Data Access Strategy	6		X		
	Examination Desktop Support System - Release 2 - Major	8		X		
	Excise Files Information Retrieval Systems	11		X		
	Financial Information and Reporting Standardization	7		X		
	GAISS	4		X		
	Government-Wide Accounting and Reporting Modernization	19		X		
	HR LoB - HR Connect	23		X		
	Integrated Financial System/CORE Financial System	15				X
	Integrated Submission and Remittance Processing System	17		X		
	Oracle e-Business Suite	27		X		

Agency	Investment name	Fiscal year 2009 request (in millions)	Unclear baselines	Cost and schedule variance exceeding 10%	Project manager not qualified	Duplication
	Pay.gov	9		X		
	Payment Application Modernization	19		X		
	SaBRe	5		X		
	Service Center Recognition Image Processing System	16		X		
	Travel Reimbursement and Accounting System	0				X
	Treasury Foreign Intelligence Network	5		X		
	TreasuryDirect	6		X		
	Treasury-Wide Enterprise Content Management Services	28		X		
Agency for International Development	E-Authentication	NA	X	X		
	E-Travel	1		X		
	HSPD-12	2	X	X		
Department of Agriculture	Consolidated Infrastructure, Office Automation and Telecommunications	872	X			X
	APHIS - National Animal Identification System	5	X			
	RMA - Common Information Management System	3	X			

Source: OMB's Management Watch List released in July 2008 for the project names; OMB's *Report on IT Spending for Fiscal Years 2007, 2008, and 2009* for the financial data; and GAO analysis of agencies' June 2008 high-risk reports for all other information.

NA Not available: Financial data on project was not found in OMB's *Report on IT Spending for Fiscal Years 2007, 2008, and 2009*.

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