INFORMATION TECHNOLOGY

Additional OMB and Agency Actions Are Needed to Achieve Portfolio Savings

Why GAO Did This Study

Federal agencies plan to spend at least $82 billion on IT in fiscal year 2014, and GAO has previously reported on challenges in identifying and reducing duplicative IT investments. In 2012, OMB launched its PortfolioStat initiative—a process where agencies gather information on their IT investments and develop plans for consolidation and increased use of shared-service delivery models. GAO was asked to review the implementation of PortfolioStat. GAO's objectives were to (1) determine whether agencies completed key required PortfolioStat actions, (2) evaluate selected agencies' plans for making portfolio improvements and achieving associated cost savings, and (3) evaluate OMB's plans to improve the PortfolioStat process. To do this, GAO analyzed plans, status reports, and other documentation from agencies and interviewed agency and OMB officials. GAO also interviewed officials and reviewed documentation from five agencies selected based on their IT expenditures and management structures.

What GAO Recommends

GAO is recommending, among other things, that OMB require agencies to fully disclose limitations in CIOs' ability to exercise their authority and that 24 agencies take steps to improve their PortfolioStat implementation. OMB agreed with some of the recommendations and disagreed with others; and responses from the 21 agencies commenting on the report varied. GAO continues to believe that the majority of the recommendations are valid, but has removed two, and modified one, as discussed in the report.

View GAO-14-65. For more information, contact David A. Powner at (202) 512-9286 or pownerd@gao.gov.

What GAO Found

The 26 major federal agencies that were required to participate in the PortfolioStat initiative fully addressed four of seven key requirements established by the Office of Management and Budget (OMB). However, only 1 of the 26 agencies addressed all the requirements. For example, agencies did not develop action plans that addressed all elements, such as criteria for identifying wasteful, low-value or duplicative information technology (IT) investments, or migrate two commodity IT areas—such as enterprise IT systems and IT infrastructure—to a shared service by the end of 2012. (See table.)

Number of 26 Agencies Meeting PortfolioStat Requirements

Designate a lead official	Complete portfolio survey	Develop commodity IT baseline	Hold PortfolioStat session	Complete action plan	Migrate two services	Submit lessons learned
26	26	14	26	4	13	26

Source: GAO analysis of agency data.

In addition, some of these agencies had weaknesses in selected areas:

- 6 agencies reported limitations in their chief information officer's (CIO) authority to review and approve the entire portfolio;
- 5 agencies did not include all their investments in their enterprise architecture (i.e., an organizational blueprint), limiting their ability to identify investments to be consolidated or eliminated; and
- 12 agencies reported challenges in ensuring the completeness of their commodity IT baseline data or did not identify a process to ensure its completeness.

Further, OMB's estimate of about 100 consolidation opportunities and a potential $2.5 billion in savings from the PortfolioStat initiative is understated because, among other things, it did not include estimates from the Departments of Defense and Justice. GAO's analysis, which includes these estimates, shows that, collectively, the 26 agencies are reporting about 200 opportunities and at least $5.8 billion in potential savings through fiscal year 2015.

Five selected agencies—the Departments of Agriculture, Defense, the Interior, the Treasury, and Veterans Affairs—identified 52 consolidation initiatives, along with other IT management improvements, and estimated at least $3.7 billion in potential cost savings through fiscal year 2015. However, four agencies did not always provide sufficient support for all of their estimates, and they varied in their use of processes—such as an enterprise architecture and a method for assessing the value of investments—recommended by OMB to identify consolidation opportunities. More consistently using these tools may reveal further opportunities for consolidation, and better support for estimated savings may increase the chances that they will be achieved.

OMB's fiscal year 2013 PortfolioStat guidance identifies a number of planned improvements but does not fully address certain weaknesses in the implementation of the initiative, such as limitations in CIOs' authority, weaknesses in agencies' commodity IT baselines, accountability for migrating selected commodity IT areas, or the information on agencies' progress that OMB intends to make public.

_____ **United States Government Accountability Office**