April 2018

DEFENSE BUSINESS SYSTEMS

DOD Needs to Continue Improving Guidance and Plans for Effectively Managing Investments

Why GAO Did This Study

DOD spends billions of dollars each year on systems that support its key business areas, such as personnel and logistics. For fiscal year 2018, DOD reported that these business system investments are expected to cost about $8.7 billion. The *NDAA for Fiscal Year 2016* requires DOD to perform activities aimed at ensuring that business system investments are managed efficiently and effectively, to include taking steps to limit their complexity and cost.

The NDAA also includes a provision for GAO to report every 2 years on the extent to which DOD is complying with the act's provisions on business systems. For this report, GAO assessed, among other things, the department's guidance for managing defense business system investments and its business and IT enterprise architectures (i.e., descriptions of DOD's current and future business and IT environments and plans for transitioning to future environments). To do so, GAO compared the department's system certification guidance and architectures to the act's requirements. GAO also interviewed cognizant DOD officials.

What GAO Recommends

GAO is making six recommendations, including that DOD and the military departments establish time frames for, and issue, required guidance; and that DOD develop a complete IT architecture and integrate its business and IT architectures. DOD concurred with three and partially concurred with three recommendations. GAO continues to believe all of the recommendations are warranted as discussed in this report.

View GAO-18-130. For more information, contact Carol Harris at (202) 512-4456 or harriscc@gao.gov.

What GAO Found

The Department of Defense (DOD) has made progress in complying with most legislative provisions for managing its defense business systems, but additional actions are needed. For example, the *National Defense Authorization Act (NDAA) for Fiscal Year 2016* required DOD and the military departments to issue guidance to address five requirements for reviewing and certifying the department's business systems. While DOD has issued guidance addressing all of these requirements, as of February 2018, the military departments had shown mixed progress.

DOD's and Military Departments' Progress in Issuing Guidance that Addressed Fiscal Year 2016 NDAA Business System Management Requirements

Certification Requirement	DOD	Air Force	Navy	Army
Sufficient business process reengineering	●	●	●	○
Business enterprise architecture compliance	●	●	●	○
Valid requirements and a viable plan to implement them	●	●	◐	○
Acquisition strategy to eliminate or reduce the need to tailor commercial off-the-shelf systems	●	○	○	○
Compliance with the department's auditability requirements	●	○	○	○

● Fully addressed: The department provided evidence that it fully addressed this requirement.

◐ Partially addressed: The department provided evidence that it addressed some, but not all, portions of this requirement.

○ Not addressed: The department did not provide any evidence that it addressed this requirement.

Source: GAO analysis of Department of Defense documentation. | GAO-18-130

The military departments' officials described plans to address the gaps in their guidance; however, none had defined when planned actions are to be completed. Without guidance that addresses all five requirements, the military departments risk developing systems that, among other things, are overly complex and costly to maintain.

DOD has efforts underway to improve its business enterprise architecture, but its information technology (IT) architecture is not complete. Specifically, DOD's business architecture includes content called for by the act. However, efforts to improve this architecture to enable the department to better achieve outcomes described by the act, such as routinely producing reliable business and financial information for management, continue to be in progress. In addition, DOD is updating its IT enterprise architecture, which describes, among other things, the department's computing infrastructure. However, the architecture lacks a road map for improving the department's IT and computing infrastructure for each of the major business processes. Moreover, the business and IT enterprise architectures have yet to be integrated, and DOD has not established a time frame for when it intends to do so. As a result, DOD lacks assurance that its IT infrastructure will support the department's business priorities and related business strategies.

_____ **United States Government Accountability Office**